



2024 ANNUAL FINANCIAL REPORT

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CORPORATE INFORMATION

Parent Company Registered Office

Sit S.p.A.
Viale dell'Industria, 34
35129 Padua – Italy
www.sitgroup.it

Parent Company Legal Details

Share capital approved Euro 96,162,195.00
Share Capital subscribed and paid-in Euro 96,162,195.00
Tax and Padua Companies Registration Office No. 04805520287

Operating branches

Viale dell'Industria, 32/34 – 35129 Padua – Italy
Viale A. Grandi, 6 – 45100 Rovigo – Italy
Viale A. Grandi, 11 – 45100 Rovigo - Italy
Via Grazia Deledda 10/12 - 62010 Montecassiano - Italy

LETTER FROM THE CHAIRPERSON



Dear Shareholders,

2024 was a challenging year, which we faced with awareness, responsibility and strong determination.

The Heating & Ventilation market suffered from prolonged issues such as a lack of legislative clarity and visibility—particularly at the European level—the absence of incentives, and the ongoing destocking process, a long-term effect that emerged in the aftermath of the COVID-19 pandemic.

At the same time, the world continued to live in apprehension due to ongoing wars between Russia and Ukraine and in the Middle East, which have been sources of significant geopolitical instability and widespread uncertainty.

2024 was also the year Europe elected a new Parliament and the United States re-elected Donald Trump for a second presidential term—two events that fueled expectations and significantly reshaped the international landscape.

Low legislative visibility, instability, and uncertainty severely impacted the Heating & Ventilation sector in many key markets—Germany, for instance, recorded a -48.5% drop in gas boiler sales and a -45.8% decline in heat pump sales in 2024. Despite such sharp downturns, SIT's Heating & Ventilation division performed better than the overall market, with a decrease limited to 11.7%. Looking at SIT's other business units, the picture is different for Metering, which overall achieved a performance in line with the previous year.

In the face of a negative market cycle and significant uncertainty, the Group implemented structural actions aimed at reducing working capital and lowering the breakeven point by optimizing the cost structure.

The closure of a production plant (electronics in the Netherlands) and the consolidation of manufacturing operations at our hub in Tunisia led to a reduction in fixed costs—also thanks to economies of scale—and enabled significant cuts in product transformation and assembly costs.

We also proceeded with rightsizing of manufacturing structures, both in Italy and abroad, through interventions involving indirect personnel. Streamlining efforts also impacted certain central and corporate staff functions.

These actions began delivering results during 2024 and are expected to have their full impact in 2025.

Reducing debt has been, and remains, a Group priority. In pursuing this goal, we not only optimized working capital management and cut costs, but also focused our investments.

Following the completion of our new headquarters and laboratories, investments were channeled into new products and research activities.

In March, during the MCE trade fair in Milan, we presented *whisperTECH450*, the first axial fan for residential heat pumps, developed through a strategic partnership between SIT and Panasonic Industry. This event marked SIT's entry into the heat pump sector.

In the Metering segment, our subsidiary Janz began production of the *SmartIO* ultrasonic residential water meter, one of the most accurate in the world and certified under the MID (Measuring Instruments Directive) in Europe, the UK, and several non-EU countries.

SIT's excellence in metering technology was received important recognition by the markets at the end of the year: Janz, together with a consortium of companies, was awarded a major €13 million contract (of which €6.1 million is attributable to Janz). Meanwhile, our subsidiary MeterSIT took an important step in its internationalization journey by entering the UK market—the leading smart meter market in Europe.

On the clean energy generation and storage front, our subsidiary *Hybitat* completed the sale of its first storage system with a capacity of 200 kWh.

We design, manufacture, and develop products for a sustainable future—a commitment we uphold at all levels of the organization. This commitment is reflected in the achievement of a *Gold rating* from Ecovadis, the world's leading provider of corporate social responsibility assessments. Only 5% of the 130,000 companies evaluated globally received such a rating, and even within this select group, SIT stood out, ranking in the 98th percentile overall. The company earned particularly strong scores in "Environment," "Labor and Human Rights," and "Sustainable Procurement."

Our focus on people also earned SIT the "*Work Life Balance Friendly Company*" award, established by the Marisa Bellisario Foundation in collaboration with Confindustria.

SIT was recognized as the top performer among large companies for its tangible and innovative policies promoting gender equality and enhancing the role of women in both the company and the broader economy.

SIT navigated a challenging year by acting with responsibility and determination, never losing sight of its values.

We support the energy transition in increasingly diversified ways, with a broader product portfolio that enables us to offer cutting-edge technologies not only in our traditional markets,

but also in areas such as electrification, hydrogen, and hybrid systems. We develop solutions that optimize performance while reducing consumption and costs.

We meet a wide range of needs through new applications where our know-how truly makes the difference defining what SIT is today: a multitech company that evolves, and in doing so, constantly seeks out and embraces new opportunities.

The Chairman
Federico de' Stefani

THE SIT GROUP'S MISSION, VISION AND VALUES

Mission

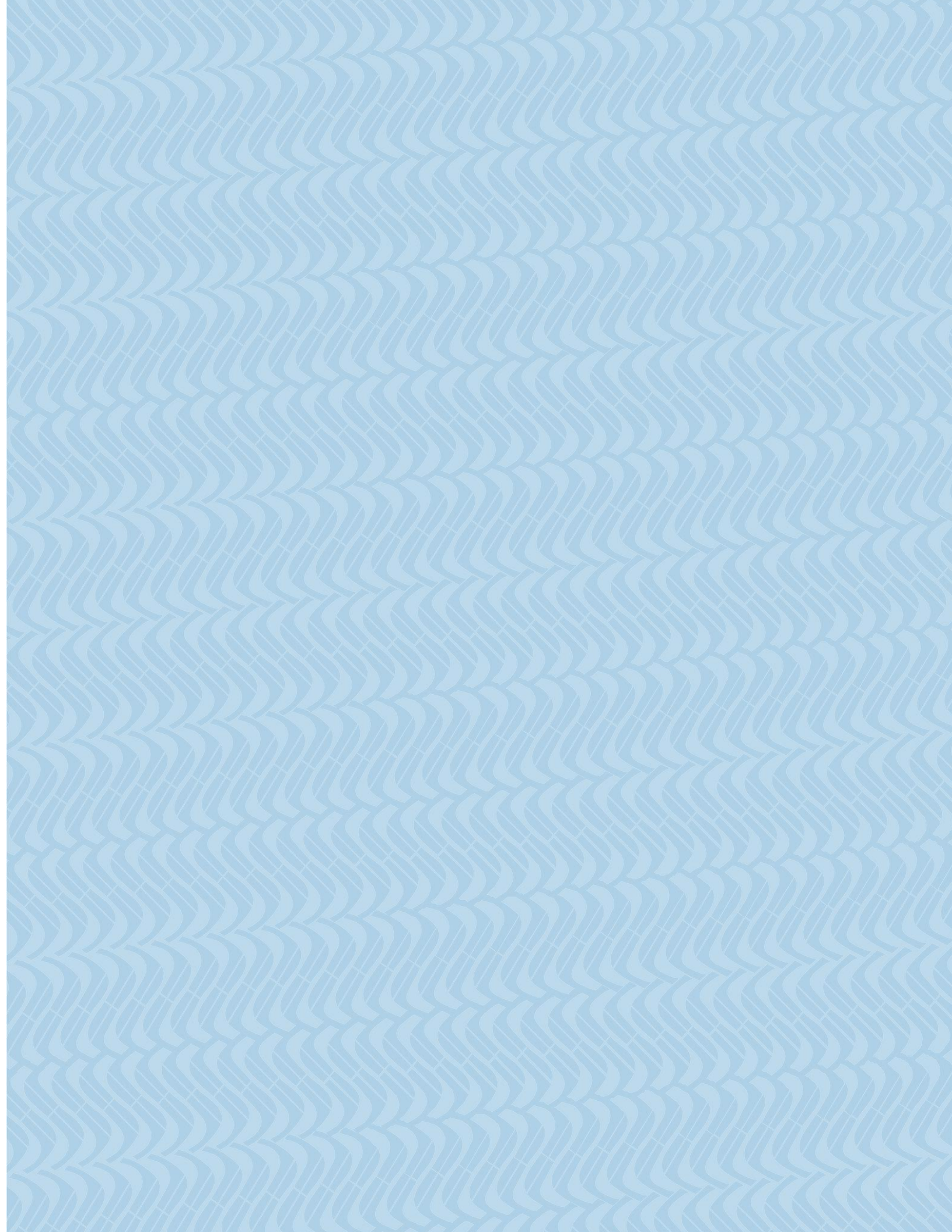
"Our commitment is to create smart solutions for climate control and consumption measurement for a more sustainable world".

Vision

"To be recognised as the leading sustainable partner for energy and climate control solutions (and to enjoy the journey!)"

Values





DIRECTORS' REPORT

COMPOSITION OF THE CORPORATE BOARDS

Board of Directors *

Federico de Stefani	<i>Chairman, Chief Executive Officer, Director in charge of the Internal Control and Risk Management System (ICRMS)</i>
Chiara de Stefani	<i>Director and "Corporate Sustainability Director"</i>
Franco Stevanato**	<i>Independent Director</i>
Bettina Campedelli **	<i>Independent Director and "Lead Independent Director"</i>
Carlo Malacarne **	<i>Independent Director</i>
Lorenza Morandini **	<i>Independent Director</i>
Giorgio Martorelli **	<i>Independent Director</i>

Board of Statutory Auditors*

Matteo Tiezzi	<i>Chairperson</i>
Saverio Bozzolan	<i>Statutory Auditor</i>
Loredana Anna Conidi	<i>Statutory Auditor</i>
Barbara Russo	<i>Alternate Auditor</i>
Sabrina Gigli	<i>Alternate Auditor</i>

Independent Audit Firm

Deloitte & Touche S.p.A.

Internal Control, Risks and Sustainability Committee

Bettina Campedelli **	Chairperson
Lorenza Morandini **	Member
Giorgio Martorelli **	Member

Related Parties Committee

Bettina Campedelli **	Chairperson
Carlo Malacarne **	Member
Lorenza Morandini **	Member

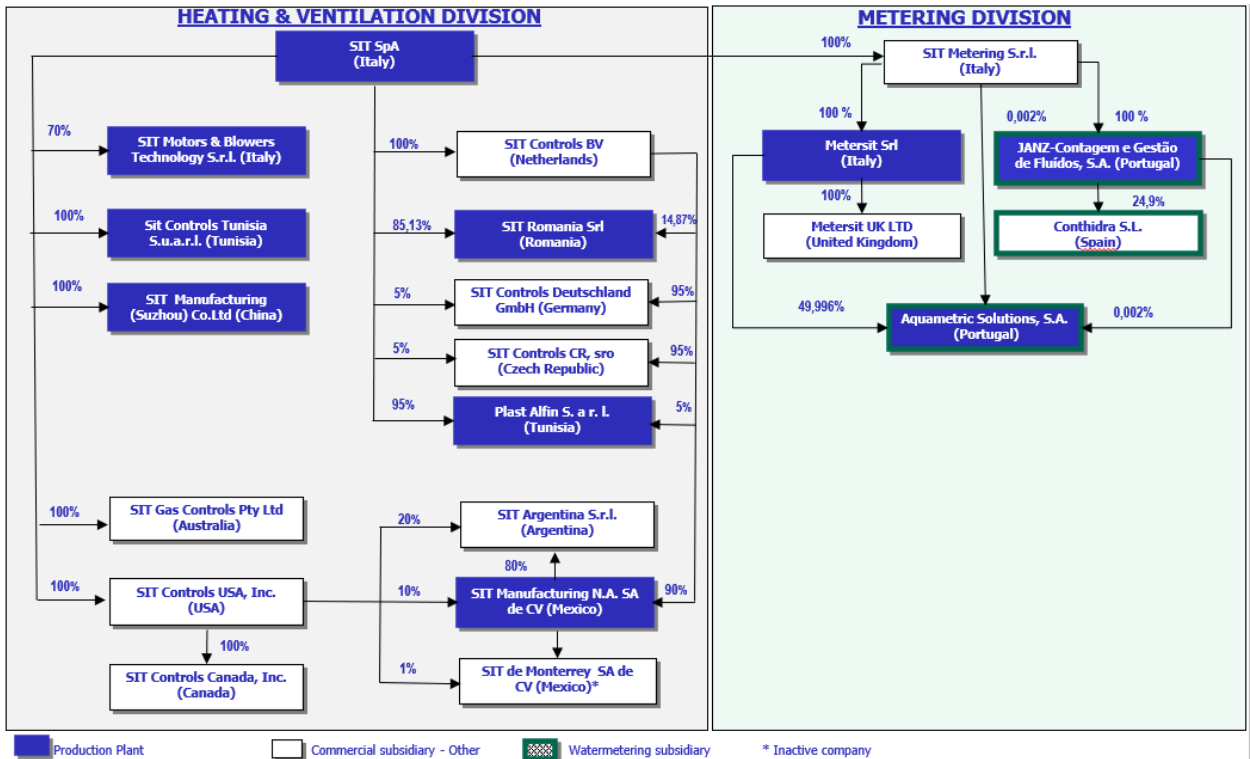
Remuneration Committee

Carlo Malacarne **	Chairperson
Bettina Campedelli **	Member
Lorenza Morandini **	Member

* The Board of Directors and the Board of Statutory Auditors were appointed by the Shareholders' Meeting of May 3, 2023 and remain in office until the approval of the 2025 Annual Accounts

** Independent directors

GROUP STRUCTURE



SIT Group

SIT Group develops and manufactures high-precision instruments for the measurement of consumption and the safety, comfort and performance of domestic gas appliances.

The Group comprises two divisions:

- Heating & Ventilation: produces and distributes components and systems for the control, regulation and safety of gas-based domestic heating and cooking and catering equipment and home appliances.
- Metering: manufactures and distributes smart gas meters which more accurately measure gas and water consumption and feature control and safety (including remote) functionality.

The Group operates in the Heating & Ventilation sector through the following companies:

- SIT S.p.A (hereinafter "Company" or "SIT") is the parent company of SIT Group and undertakes R&D and commercial and sales operations, while also providing a range of industrial and support services to the manufacturing and distribution companies. SIT has a number of production units involved in precise machining, fitting and assembly for the manufacturing of mechanical controls, integrated systems, electric fans and smoke exhaust kits;
- SIT-MBT S.r.l, located in Montecassiano (MC- Italy) operates in the field of fans for extractor hoods. In the innovative start-up Motors & Blowers Technology Srl (MBT) launched by a group of managers with long experience in the sector, the SIT business unit dedicated to ventilation and components for kitchen hoods and pellet stoves was conferred on April 1, 2024. Among the companies attributable to one of the quota holders, Wentelon Micro-Motor Co., Ltd., supplier of ventilation motors, which with its Chinese plants at the forefront of the sector will ensure technology and competitiveness to the new initiative.
- SIT Controls B.V. (Netherlands) distributes products of other Group companies to some local customers;
- SIT Controls Deutschland GmbH (Germany) is a sales agent for a number of Group companies;
- SIT Controls CR s.r.o. (Czech Republic) is a sales agent for a number of Group companies;
- SIT Romania S.r.l. (Romania), based in Brasov in Romania, is engaged in the assembly and testing of mechanical controls, electric fans and integrated domestic gas equipment control systems;
- SIT Manufacturing N.A.S.A. de C.V. (Mexico) is a specialised Direct Heating and Storage Water Heating systems manufacturing facility, principally for the American and local markets. The company mainly works with end-customers, using, for the American market, the agency services provided by SIT Controls U.S.A. Inc., while on the Australian and Asian markets using local Group companies/distribution entities;
- SIT Controls U.S.A. Inc. (USA) is a sales agent for Group products on the US market;
- SIT Controls Canada Inc. (Canada) is a sub-agent of SIT Controls USA on the Canadian market;
- SIT Gas Controls Pty Ltd, based in Melbourne (Australia), oversees the distribution of SIT products on the local market and some countries in the region;
- SIT Manufacturing Suzhou Co. Ltd (China) is a manufacturer of mechanical controls, satisfying local market demand - both in terms of local customers and the local branches of European manufacturers. The company distributes its own products and those of other Group companies on the local market;
- SIT (Argentina) S.r.l. manages the import of SIT products into the region;

- Plast Alfin S. a r. l. (Tunisia), acquired during 2020, operates in the manufacturing of plastics for components used in the production of exhaust kits;
- Sit Controls Tunisia S.u.a.r.l. (Tunisia), set up in late 2020, is a production site for components and finished products.

The Group operates in the Metering division through the following companies:

- Sit Metering S.r.l., a holding company for the Metering division;
- Metersit S.r.l., located in Padua, is involved in the design, manufacturing and sale of new generation remote gas meters;
- Metersit UK Ltd, a trading company with the goal of developing the UK smart gas metering market;
- JANZ - Contagem e Gestão de Fluídos, SA (Lisbon), a company that operates in the residential water meter sector through development, production and distribution activities, mainly on the European market;
- Conthidra S.L. (Gines), Spain, distributes water meters produced by JANZ – Contagem e Gestão de Fluídos, SA.
- Aquametric Solutions, S.A. (Lisbon), a company incorporated under Portuguese law established for the development and production of water meters - for residential use - based on ultrasonic technology. The company, established on January 15, 2024, is 50% owned by the SIT Group and the remaining 50% by the Swiss technology partner GWF AG.

SIT exercises management and co-ordination activities over the subsidiaries directly and indirectly held.

FINANCIAL HIGHLIGHTS

The following tables report the adjusted figures and performance indicators not expressly used by international accounting standards IFRS, whose definitions and calculation methods are described in the paragraph *“Composition of the main alternative performance indicators”*.

(Euro,000)

Financials	2024	%	2023	%	Change	Change %
Revenues from contracts with customers	299,538	100.0%	326,261	100.0%	(26,722)	(8.2%)
EBITDA	24,718	8.3%	21,677	6.6%	3,040	14.0%
EBIT	(11,534)	(3.9%)	(25,219)	(7.7%)	13,685	(54.3%)
Net Profit/(loss) for the period	(31,573)	(10.5%)	(23,388)	(7.2%)	(8,185)	35.0%
Cash flows from operating activities after investment activities	18,175		(14,923)		31,563	

(Euro,000)

Balance Sheet	31/12/2024	31/12/2023	Change	Change %
Net financial position	145,850	153,690	(7,840)	(5.1%)
Net trade working capital	65,605	79,859	(14,221)	(17.8%)
Net trade working capital/Revenues	21.9%	24.5%		

ALTERNATIVE PERFORMANCE MEASURES

(Euro,000)

Financials	2024	%	2023	%	change	change %
Revenues from contracts with customers	299,538	100.0%	326,261	100.0%	(26,722)	-8.2%
EBITDA	24,718	8.3%	21,677	6.6%	3,040	14.0%
EBITDA adjusted	27,476	9.2%	28,971	8.9%	(1,495)	-5.2%
EBIT	(11,534)	-3.9%	(25,219)	-7.7%	13,685	-54.3%
EBIT adjusted	(1,107)	-0.37%	77	0.0%	(1,184)	-1534.6%
Financial charges	10,655	3.6%	7,827	2.4%	2,827	36.1%
Financial charges adjusted	6,715	2.2%	7,827	2.4%	(1,112)	-14.2%
Financial income	388	0.1%	942	0.3%	(554)	-58.8%
Net financial (charges)/income	(10,267)	-3.4%	(6,885)	-2.1%	(3,382)	49.1%
Net financial (charges)/income adjusted	(6,327)	-2.1%	(6,885)	-2.1%	558	-8.1%
Result before taxes (EBT)	(20,709)	-6.9%	(31,300)	-9.6%	10,592	-33.8%
Result before taxes adjusted (EBT)	(6,342)	-2.1%	(6,004)	-1.8%	(338)	5.6%
Net profit/(loss) for the period	(31,573)	-10.5%	(23,388)	-7.2%	(8,185)	35.0%
Adjusted net profit for the period	(10,523)	-3.5%	(349)	-0.1%	(10,174)	2916.0%
Cash flow from operations after investing activities	18,175		(14,923)			

(Euro,000)

Balance Sheet	31/12/2024	31/12/2023	change	change %
Net capital employed	247,272	296,814	(49,541)	(16.7%)
Shareholders' Equity	101,422	143,124	(41,702)	(29.1%)
Net Financial Position	145,850	153,690	(7,840)	(5.1%)
Adjusted Net Financial Position	134,134	140,181	(6,047)	(4.3%)
Net trade working capital	65,637	79,859	(14,221)	(17.8%)

Key performance indicators	31/12/2024	31/12/2023
ROIC ⁽¹⁾	10.0%	7.3%
ROIC adj ⁽²⁾	11.1%	9.8%
Net financial position/Shareholders' equity	1.44	1.07
Net financial position/Adjusted EBITDA	5.31	5.30

(1) ROIC is the ratio between EBITDA and Capital Employed at period-end

(2) ROIC is the ratio between Adjusted EBITDA and Capital Employed at period-end.

Composition of key alternative performance indicators

The alternative performance indicators describe the economic/financial results of the Group on the basis of indices not expressly contained within IFRS (International Financial Reporting Standard) and adjusted by the effects of some items. It is considered that these indicators ensure a better comparability over time of results, although they do not replace the results determined by the application of international accounting standards IFRS described in the Explanatory Notes.

The main adjustments recorded during the year, before the tax effect, concern:

- Euro 2.7 million relating to the capital gain realized on the sale of a plot of land in Mexico, owned by the subsidiary SIT Manufacturing N.A.S.A. de C.V.;
- Euro 7.7 million relating to the impairment of goodwill previously allocated to the Heating & Ventilation division;
- Euro 2.7 million for the reorganization of personnel that involved the entire Group and, in particular, the Parent Company and the Dutch subsidiary;
- Euro 2.2 million following the agreement reached with one of the main customers of the Metering division for the removal of defective meters (partially covered by risk provisions) and covered by warranty;
- Euro 4.0 million for costs directly related to debt restructuring, following the negotiations with the banking sector on 22nd and 23rd April;
- Euro 8.7 million for the write-down of receivables for withholding taxes paid abroad and for the partial write-down of deferred tax assets.

The criteria used for the preparation of them and a brief description of their composition, as well as the reconciliation with the corresponding official data, are given below:

- EBITDA adjusted is the EBITDA (EBIT plus amortisation, depreciation and write-downs, net of doubtful debt provisions) net of exceptional transactions or rather all those atypical, unusual or transactions which do not repeat frequently in the normal course of business activities, undertaken with related or third parties, which may have a significant impact on the financial results of the Group. The following table presents a reconciliation with the financial statements:

(Euro,000)		
Reconciliation of EBITDA adjusted	2024	2023
EBIT	(11,534)	(25,219)
Depreciation, amortisation and write-downs	36,231	47,090
Write-downs	20	(194)
EBITDA	24,718	21,677
Personnel costs	2,078	3,187
Sit Controls BV Reorganization Cost	672	2,715
Financial restructuring costs	61	786
Capital gain on the sale of the land	(2,674)	-
Write-downs of working capital after out-of-court transactions	-	535
Trade agreement	2,236	-
Consulting and other services	97	-
Other	289	71
Total exceptional operating charges (income)	2,759	7,294
EBITDA adjusted	27,476	28,971

Personnel costs amounting to Euro 2,078 thousand include transaction costs and incentives for the consensual termination of employment relationships with certain employees, including legal fees.

The *Sit Controls BV Reorganization Cost*, amounting to Euro 672 thousand, are related to the reorganization of the Dutch company Sit Controls B.V. aimed at downsizing the local production structure. The project as a whole is scheduled to be completed during 2025. The cost is mainly related to the charges that the group incurred in 2024 for the exit of employees belonging to the production area, as well as additional ancillary costs.

Financial restructuring costs, amounting to 61 thousand euros, refer to costs for consultancy to support the renegotiation of the debt with credit institutions during the year.

The item *Capital gain on sale of the land* refers to the capital gain realized on the sale of land in Mexico, owned by the subsidiary SIT Manufacturing N.A.S.A. de C.V. for Euro 2.7 million relating to the sale of land.

The costs relating to the item *Trade agreement*, which amount to Euro 2.2 million, refer to the agreement concluded between the Group and one of the main customers of the Metering division for the removal of defective meters (partially covered by provisions for risks) and covered by warranty.

The items *Consultancy and other services* and *Other* refer respectively to the costs for consultancy aimed at assessing the feasibility of an industrial and strategic project for the parent company SIT and to a reclassification in the operating result of part of the taxes of the Romanian subsidiary following a different calculation methodology required by local legislation.

- Adjusted operating income is equal to operating income and expenses described above and below. The reconciliation, with evidence of adjusted income and expenses, is shown in the table below:

(Euro,000)		
Reconciliation of EBIT adjusted	2024	2023
EBIT	(11,534)	(25,219)
Personnel costs	2,078	3,187
Sit Controls BV Reorganization Cost	672	2,715
Financial restructuring costs	61	786
Capital gain on the sale of the land	(2,674)	-
Write-downs of working capital after out-of-court transactions	-	535
Trade agreement	2,236	-
Consulting and other services	97	-
Other	289	71
Asset write-downs	7,668	18,002
Total exceptional operating charges (income)	10,427	25,296
EBIT adjusted	(1,107)	77

Asset write-downs refer to Euro 7,668 thousand relating to the impairment of the goodwill of the Heating & Ventilation division.

- Adjusted net financial charges and income are financial charges are equal to financial expenses net of the changes described below during the year.

The reconciliation is shown in the table below:

(Euro,000)		
Reconciliation of net financial (charges)/income adjusted	2024	2023
Financial charges	(10,655)	(7,827)
Financial charges for financial restructuring	3,940	-
Financial charges adjusted	(6,715)	(7,827)
Financial income	388	942
Adjusted net financial (charges)/income	(6,327)	(6,885)

Financial charges for financial restructuring amounting to Euro 3,940 thousand refer to the charges arising from the new agreements and recognised at the date of the amendment, defined in accordance with the provisions of IFRS 9. The new agreements were signed on 22nd and 23rd April 2024. With this signing, the new terms of the existing loan agreements were defined. These amending agreements provide, with regard to certain bank loan relationships, for the extension of the original maturities by 24 months and the remodulation of the repayment profile in increasing instalments, with maintenance of the current annual and interim maturities.

- Adjusted Profit Before Tax (EBT) is the result before tax net of the items summarized below and described above. The reconciliation is shown in the table below:

(Euro,000)		
Reconciliation of EBT adjusted	2024	2023
Profit before taxes for the year	(20,709)	(31,300)
Capital gain on the sale of the land	(2,674)	-
Sit Controls BV Reorganization Cost	672	2,715
Financial restructuring costs	61	786
Consulting and other services	97	-
Write-downs of working capital after out-of-court transactions	-	535
Trade agreement	2,236	-
Personnel costs	2,078	3,187
Other	289	71
Asset write-downs	7,668	18,002
Total adjusted operating charges (income)	10,427	25,296
Financial charges for financial restructuring	3,940	-
Adjusted Financial charges	3,940	0
EBT adjusted	(6,342)	(6,004)

- Adjusted net profit for the period is the net result for the period net of the transactions described above and the related tax effect. *Deferred tax assets* refer to the write-down of receivables for withholding taxes paid abroad and the partial write-down of deferred tax assets for a total of Euro 8,671 thousand. For further details, please refer to Note 8 and Note 33. The reconciliation is shown in the table below:

(Euro,000)		
Reconciliation of adjusted net profit	2024	2023
Net Profit	(31,573)	(23,388)
Capital gain on the sale of the land	(2,018)	-
Sit Controls BV Reorganization Cost	496	2,014
Financial restructuring costs	44	567
Consulting and other services	70	-
Write-downs of working capital after out-of-court transactions	-	374
Trade agreement	1,612	-
Personnel costs	1,514	2,310
Other	-	51
Deferred tax assets	8,671	-
Asset write-downs	7,668	17,723
Total adjusted operating expenses (income) net of tax	18,057	23,039
Financial charges for financial restructuring	2,994	-
Total Financial charges for financial restructuring net of tax	2,994	0
Net profit adjusted	(10,523)	(349)

For a description of the individual adjustment items of an operating nature, reference should be made to the adjusted EBITDA reconciliation table.

- Net capital employed and net commercial working capital are calculated considering the accounts presented in the following table:

(Euro,000)		
Reconciliation of net capital employed	31/12/2024	31/12/2023
Goodwill	63,278	70,946
Other intangible assets	46,978	50,781
Property, plants and equipment	95,229	105,270
Investments in other companies	1,081	657
Non-current financial assets	2,573	2,533
Fixed assets (A)	209,138	230,188
Inventories	72,263	83,315
Trade receivables	60,274	63,458
Trade payables	(66,933)	(66,915)
Trade net working capital (B)	65,605	79,859
Other current assets	10,517	14,264
Tax receivables	2,372	3,752
Other current liabilities	(22,957)	(20,768)
Tax payables	(1,774)	(1,645)
Other current assets, liabilities and taxes (C)	(11,841)	(4,397)
Net working capital (B + C)	53,764	75,461
Deferred tax assets	12,665	18,874
Provisions for risks and charges	(9,337)	(10,513)
Net liabilities for employee benefits	(4,504)	(5,096)
Other non-current liabilities	(3,825)	(6)
Deferred tax liabilities	(10,629)	(12,094)
Other non-current liabilities, assets and provisions (D)	(15,630)	(8,835)
Net capital employed (A + B + C + D)	247,272	296,814

- The adjusted net financial position is calculated by deducting the finance lease payable arising from application of IFRS 16 from the net financial debt calculated according to the indications of Consob Communication ESMA32-382-1138 of March 4, 2021.

(Euro,000)		
Composition net financial position	31/12/2024	31/12/2023
A. Cash	23	21
B. Cash equivalents	14,015	8,680
C. Other current financial assets	5,505	6,630
D. Cash and cash equivalents (A) + (B) + (C)	19,543	15,330
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	28,015	26,836
F. Current portion of the non-current debt	6,208	32,567
G. Current financial debt (E + F)	34,224	59,405
H. Net current financial debt (G - D)	14,680	44,074
I. Non-current financial debt	91,191	70,011
J. Debt instruments	39,979	39,605
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	131,170	109,616
M. Net Financial Position (H + L)	145,850	153,690
IFRS 16 – Leases	(11,715)	(13,509)
Net financial position adjusted	134,134	140,181

The change compared to the previous year in the current and non-current part of indebtedness, in particular item *F. Current portion of the non-current debt* and *I. Non-current financial debt*, reflects the negotiation with the banks in April 2024, which led to a rescheduling of the repayment profile of the main outstanding loans. For more information, please refer to the Explanatory Notes.

As required by the above-mentioned communication, it should be noted that the Group has net liabilities for defined benefits to employees for the amount of Euro 4,504 thousand (Note 16) and provisions for risks and charges for Euro 9,337 thousand (Note 15) and other non-current liabilities, relating to the conditions defined by the agreement with the minority shareholders of SIT MBT S.r.l., Euro 3,825 thousand (Note 17) not included in the net financial position.

GENERAL SITUATION

Macroeconomics

In 2024, global economic activity proved resilient to ongoing international tensions and maintained its expansion path, albeit at a moderate pace. However, several factors have held back global production and trade: energy rates and prices are still high, conflicts in Ukraine and the Middle East, increasing protectionist measures and high uncertainty in multilateral relations. In 2024, the GDP trend compared to the previous year of the main areas of interest for the Group is summarised in the following table:

Change in GDP	2024	2023
Italy	0.7%	0.9%
Euro	0.7%	0.5%
USA	2.8%	2.5%
China	5.0%	5.3%

The GDP of the US economy has been driven by increases in consumer spending, investment, government spending and exports. In China, GDP reached its growth target thanks to the government's economic stimulus measures, which led to a slight recovery in consumption and the stabilization of the real estate market. The demographic decline continues to be a concern, having recorded a decrease for the third consecutive year.

The eurozone economy slowed sharply during the fourth quarter as rising geopolitical tensions led annual growth to another year of substantial stagnation. High inflation continued to dampen domestic demand for consumption and investment.

In 2024, the Italian economy recorded growth of 0.7%, equal to that of 2023. The development was stimulated by both a positive contribution from domestic demand net of inventories and net foreign demand, while the contribution of changes in inventories was slightly negative. On the supply side of goods and services, value added showed growth in agriculture, services and, to a lesser extent, in industry as a whole.

As far as the Italian mechanical industry is concerned, the sector has been able to maintain substantial stability despite the complex economic context. During the year, it had to face numerous difficulties, linked to the uncertain geopolitical scenario and ever-increasing energy costs. On the employment front, the data showed substantially stable levels.

OPERATING PERFORMANCE

Introduction

SIT S.p.A. (hereinafter "SIT", the "Company" or the "Parent Company") has decided to adopt the option allowed by art. 40 of Legislative Decree no. 127 of April 9, 1991, paragraph 2 bis, as amended by Legislative Decree no. 32 of February 2, 2007, which allows companies that prepare consolidated financial statements to present the Consolidated Management Report and the Company's Directors' Report in a single document.

Significant events of the year

SIT achieves EcoVadis ESG Gold rating

During the first months of 2024, SIT obtained the "Gold" rating as part of the annual CSR (Corporate Social Responsibility) performance assessment carried out by EcoVadis, an international ESG rating agency. SIT has improved its rating band compared to the previous assessment, obtaining a score of 77/100, moving from the 85th to the 98th percentile which places it in the range of the top 2% of companies evaluated by EcoVadis (15% the previous year).

SIT presents the new fan for residential heat pumps

At the MCE - Mostra Convegno Expocomfort fair in Milan, held between 12 and 15 March 2024, and at the Chillventa fair in which it participated for the first time from 8 to 10 October in Nuremberg, SIT presented the new fan for residential heat pumps developed in synergy with Panasonic Industry, a leading company in HVAC (Heating, Ventilation, Air Conditioning). This is SIT's debut in the electric heat pump sector and is one of the pillars of the Group's strategy in the decarbonisation scenario of the domestic heating sector. The collaboration aims to develop a complete fan solution designed specifically for residential heat pumps. The distribution of the integrated motor-fan system to the market will be carried out by SIT and will be available from 2025.

Establishment of SIT-MBT S.r.l, a company operating in the field of extractor hoods for kitchens

Effective 1 April 2024, SIT-MBT S.r.l, a SIT company in the field of fans for extractor hoods, became operational. In the innovative start-up Motors & Blowers Technology Srl (MBT) launched by a group of managers with long experience in the sector, the SIT business unit dedicated to ventilation and components for kitchen hoods and pellet stoves was conferred on 1 April 2024. Among the companies that can be traced back to one of the partners, it is worth mentioning Wentelon Micro-Motor Co., Ltd., a supplier of ventilation motors, which with its Chinese plants at the forefront of the sector will ensure technology and competitiveness for the new initiative.

New agreements signed with the main lenders of the Group

On 22-23 April 2024, the Company signed a series of agreements with the main medium-term lenders amending the existing loan relationships and on 22 April 2024 the bondholders' meeting approved the proposed agreement to amend the regulations of the bond loan.

The amending agreements provide for the extension of the original maturities by 24 months and the remodulation of the repayment profile in increasing installments, with maintenance of the current annual and interim maturities. The amending agreements also provide for the redefinition of the financial covenants applicable to the related loan relationships in a manner consistent with the financial renegotiation described and the economic and financial profile of the Group's business and financial plan approved on 29 February 2024.

The loan relationships – which are not secured by any collateral – have also been amended in relation to a series of commitments and limitations already provided for originally. Further limits have also been introduced on the distribution of dividends depending on the level of consolidated financial leverage and finally the pricing levels have been adjusted in relation to the trend of the new consolidated financial leverage.

As part of the broader renegotiation, a loan was granted to the Company by the majority shareholder Technologies S.A.P.A. of F.D.S. S.S. for Euro 5 million, interest-bearing at an annual rate of 5%, with capitalization of the related financial charges, subordinated to the Company's financial debt as well as convertible into the Company's capital and/or equity. The loan of the majority shareholder assumes significance as a transaction with related parties of lesser importance pursuant to the combined provisions of the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented, and the Procedure for Transactions with Related Parties approved by the Company on 11 June 2021. Therefore, in application of the RPT Procedure, for the purposes of its approval, the majority shareholder's loan agreement was previously submitted for evaluation by the Company's Related Party Transactions Committee, which expressed its reasoned non-binding favourable opinion on the Company's interest in signing it and the convenience and substantial correctness of the related conditions.

SIT obtains the Marisa Bellisario award for Work Life Balance

In June 2024, SIT received the Marisa Bellisario Award as a "Work Life Balance Friendly Company". This award, established by the Marisa Bellisario Foundation in collaboration with Confindustria, rewards companies that stand out for their innovative and concrete policies on gender equality and inclusion. The award ceremony, now in its eighth edition, was held at the Colosseum Park in Rome in the presence of the Head of State Sergio Mattarella.

The award was given to SIT for its exemplary commitment to promoting an inclusive and sustainable work environment through the implementation of a series of initiatives aimed at improving employees' work-life balance. Among these, the presence of women in the company is particularly significant, with 57% of the workforce made up of women. In addition, SIT has introduced an innovative Parental Policy, which offers support to natural and adoptive parents, and a flexible smart working regime that allows employees to work remotely up to 12 days a month.

SIT has also launched the "SIT People Program Be", which includes well-being and work flexibility programs, and has activated a bilingual psychological desk for emotional support to employees. The company's commitment to gender equality has been further strengthened by obtaining the Uni/PDR 125:2022 gender equality certification, which will also be confirmed in 2024.

These initiatives are an integral part of the "Made to Matter" Sustainability Plan, which aims to create a new working model based on flexibility and balance. This approach not only fosters employee well-being but also contributes to a unique and non-replicable company culture that values talent and innovation.

Closure of the production plant in the Netherlands

On July 2, 2024, SIT completed the acquisition of a set of assets and liabilities from its subsidiary SIT Controls B.V. (Netherlands) relating to the production plant. The transaction is part of the closure of the production plant in the Netherlands project, with the aim of concentrating the production of electronic boards in the Tunisian subsidiary both for the Gas Metering Division, already implemented with the closure of the Metersit Romania subsidiary in 2020 and now for the Heating & Ventilation Division with the transaction described herein. The Dutch subsidiary remains operational for the sale and distribution of Heating & Ventilation products on the local market.

MID certification for the SmartIO ultrasonic water meter

Through its subsidiary JANZ, SIT has obtained MID (Measuring Instrument Directive) certification for the SmartIO ultrasonic water meter. This certification, valid in Europe and the United Kingdom, confirms the extreme accuracy and reliability of the meter, characterized by the R1000 accuracy level. SmartIO has been designed to reduce water waste thanks to IoT technology and proprietary ultrasonic software developed by GWF, a Swiss technology partner operating in the water sector. The MID certification represents an important recognition for SIT, which continues to innovate in the field of intelligent consumption metering.

Janz wins tender in Cyprus

In October, through its subsidiary JANZ, which specializes in the production of residential water meters, the Group won a public tender for the foreign supply of around 100 thousand smart water meters over the next three years. The value of the contract for JANZ is approximately 6.1 million Euro and concerns a range of volumetric meters installed with the intelligent Add-On based on LoRA technology. Supplies are expected to begin in early 2025.

First sale for Hybitat

In November, Hybitat, the associated company, owned by the SIT group, created to develop an innovative long-term hydrogen generation and storage system for residential use, concluded ahead of its business plan the sale of a first storage system with a capacity of 200 kWh of energy that will be installed in the first quarter of 2025 in a private residence in a prestigious eighteenth-century architectural context.

Sales analysis

SIT Group operates in two Divisions:

- Heating & Ventilation, which develops and manufactures systems for the safety, comfort and high efficiency of gas appliances;
- Metering, which develops and manufactures water and gas meters with remote control, consumption measurement, reading and communication functions.

Sales by Division

(Euro.000)	2024	%	2023	%	change	change %
Heating & Ventilation	206,678	69.0%	233,997	71.7%	(27,320)	(11.7%)
Metering	88,194	29.4%	88,619	27.2%	(426)	(0.5%)
Total sales	294,872	98.4%	322,617	98.9%	(27,745)	(8.6%)
Other revenues	4,667	1.6%	3,644	1.1%	1,022	28.1%
Total sales	299,538	100%	326,261	100%	(26,723)	(8.2%)

(Euro.000)	2024 Q4	%	2023 Q4	%	change	change %
Heating & Ventilation	51,146	66.7%	57,901	68.8%	(6,755)	(11.7%)
Metering	23,070	30.1%	24,662	29.3%	(1,592)	(6.5%)
Total sales	74,216	96.8%	82,563	98.1%	(8,347)	(10.1%)
Other revenues	2,491	3.2%	1,601	1.9%	890	55.6%
Total sales	76,707	100%	84,164	100%	(7,457)	(8.9%)

Sales by geography

(Euro.000)	2024	%	2023	%	change	change %
Italy	94,750	31.6%	97,346	29.8%	(2,596)	(2.7%)
Europe (excluding Italy)	124,747	41.6%	151,359	46.4%	(26,612)	(17.6%)
The Americas	49,470	16.5%	47,144	14.4%	2,326	4.9%
Asia/Pacific	30,572	10.2%	30,412	9.3%	160	0.5%
Total sales	299,538	100%	326,261	100%	(26,723)	(8.2%)

(Euro.000)	2024 Q4	%	2023 Q4	%	change	change %
Italy	24,754	32.3%	23,837	28.3%	917	3.8%
Europe (excluding Italy)	30,767	40.1%	38,752	46.0%	(7,984)	(20.6%)
The Americas	13,744	17.9%	13,079	15.5%	665	5.1%
Asia/Pacific	7,442	9.7%	8,497	10.1%	(1,055)	(12.4%)
Total sales	76,707	100%	84,164	100%	(7,457)	(8.9%)

Consolidated revenues for 2024 amounted to Euro 299.5 million registering a decrease of 8.2% compared to 2023 (Euro 326.3 million).

Consolidated revenues for the fourth quarter of 2024 amounted to Euro 76.7 million, down 8.9% compared to the same period in 2023 (Euro 84.2 million).

Heating & Ventilation Division Sales for 2024 amounted to Euro 206.7 million, -11.7% compared to Euro 234.0 million in 2023. In the fourth quarter, the Division achieved sales of Euro 51.1 million, down 11.7% compared to the fourth quarter of the previous year (Euro 57.9 million).

The following table shows the characteristic sales by geographical area of the Heating & Ventilation Division based on management criteria:

(Euro.000)	2024	%	2023	%	change	change %
Italy	35,886	17.4%	36,675	15.7%	(789)	(2.2%)
Europe (excluding Italy)	94,876	45.9%	119,632	51.1%	(24,756)	(20.7%)
The Americas	45,205	21.9%	44,767	19.1%	438	1.0%
Asia/Pacific	30,710	14.9%	32,923	14.1%	(2,213)	(6.7%)
Total sales	206,678	100%	233,997	100%	(27,320)	(11.7%)

(Euro.000)	2024 Q4	%	2023 Q4	%	change	change %
Italy	9,115	17.8%	8,148	14.1%	966	11.9%
Europe (excluding Italy)	22,911	44.8%	27,628	47.7%	(4,717)	(17.1%)
The Americas	12,463	24.4%	12,291	21.2%	172	1.4%
Asia/Pacific	6,657	13.0%	9,833	17.0%	(3,176)	(32.3%)
Total sales	51,146	100%	57,901	100%	(6,755)	(11.7%)

At the geographical level, sales in Italy show a slight decline in 2024 compared to 2023. This result is particularly influenced by the comparison with the first quarter, as the remainder of the year saw improvements, with the fourth quarter recording a positive growth of 11.9% compared to the same period in the previous year.

Regarding Europe, excluding Italy, decrease by €24.8 million in 2024 which is a reduction in sales of 20.7% compared to the previous year. The annual comparison reflects a quarterly trend heavily influenced by the first quarter, showing a gradual improvement over the year. Revenues were still affected by the significant uncertainty on regulations and incentive policies in a challenging macroeconomic environment in some major market (Germany and Central Europe).

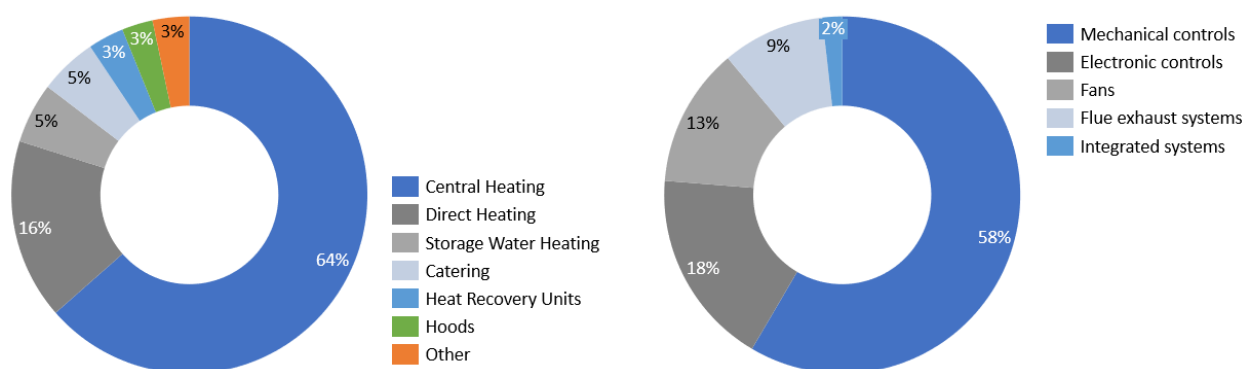
The Americas reported quarterly performance in line with the full-year trend, with marginal exchange rates impact. Sales in the Asia/Pacific region decreased by 6.7% (-5.4% at constant exchange rates), amounting to €30.7 million compared to €32.9 million in 2023. Regarding China, which accounts for 10.0% of divisional sales, sales for the year were in line with those of 2023.

Coming to the main product families, Mechanical Controls recorded a reduction of 8.5%, Electronic Controls by 24.3%, Fans by 4.3%, Flues substantially in line while Integrated Systems recorded a reduction of about 40%.

At the application segment level, Central Heating, which accounts for 63.5% of divisional sales, recorded a decrease of 16.0%, while Direct Heating (16.3% of divisional sales) recorded a growth of 5.8%. Storage Water Heating marks a reduction of 7.7% while Catering and Heat Recovery Units mark a growth of 14.5% and 9.1% respectively.

About the main customers of the Heating & Ventilation division, it should be noted that 36.4% of sales in 2024 were achieved with the top 5 customers, while last year this incidence was 38.2%.

The following graphs show the Heating & Ventilation sales in 2024 by product family and by application (data from management sources):



Sales in the **Metering Division** amounted to €88.2 million compared to €88.6 million, essentially in line with the figure from the previous year. Sales in the Smart Gas Metering sector were €58.0 million against €60.0 million recorded in 2023. This performance reflects the group's strong positioning in the Italian market and the successful outcome of new development and replacement projects launched by major clients. Sales in Italy accounted for 96.3% of the total, while foreign sales, representing 3.7% of the total, were made in Greece and Central Europe.

Sales in Water Metering were €30.2 million, an increase of 5.6% compared to 2023. Sales were made in Portugal for 17.7%, in Spain for 40.4%, in the rest of Europe for 24.7%, and in America and Asia for 13.5% and 3.8%, respectively.

About the concentration of Metering sales, with regard to the main Smart Gas Metering customers, it should be noted that 78.9% of sales were achieved in 2024 with the top 5 customers, while in the same period last year this incidence was 75.3%. In Water Metering, the data are 65.0% and 60.1% respectively.

Economic performance

Consolidated revenues for 2024 amounted to Euro 299.5 million, recorded a decrease of 8.2% compared to 2023 (Euro 326.3 million).

Purchase cost of raw materials and consumables, including changes in inventories, amounted to Euro 158.0 million, accounting for 52.8% of revenues, compared to 53.9% in 2023.

Service costs totalled Euro 42.6 million, down from Euro 46.5 million in the previous year, respectively amounted to 14.2% and 14.3% of revenues.

Personnel costs stood at Euro 72.2 million, down from Euro 80.7 million in 2023, representing 24.1% of revenues compared to 24.7% in the previous year.

Depreciation and amortization, totalling Euro 36.2 million, represented 12.1% of revenues, compared to Euro 47.1 million in 2023 (14.4% of revenues). In 2024, the carrying amount of goodwill was adjusted with an impairment loss of Euro 7.7 million, following the impairment test conducted on the invested capital of the Heating & Ventilation CGUs. In the previous year, a comparable valuation resulted in a recognized loss of Euro 17.0 million.

Excluding impairment losses, depreciation and amortization amounted to Euro 28.6 million in 2024 and Euro 28.9 million in 2023, equivalent to 9.5% and 8.9% of revenues, respectively.

The operating result amounted to Euro -11.5 million (3.9% of revenues) compared to an operating loss of Euro 25.2 million (7.7%) in 2023.

The adjusted operating result, as previously defined, was Euro -1.1 million in 2024 and Euro 0.1 million in 2023.

Net financial charges in 2024 amounted to Euro 10.3 million compared to Euro 6.9 million in the previous year. It is noted that, in the period under review, it was necessary recognize, in accordance with the amortized cost criteria under IFRS 9, the financial impact resulting from the debt renegotiation agreement reached with the banking pool in 2024. This led to the recognition of a financial charge amounting to Euro 3.9 million.

The adjusted net financial charges, net of the aforementioned items, amounted to Euro 6.3 million in the period, compared to Euro 6.9 million in the previous year, remaining substantially stable as a percentage of revenues (2.1%).

Based on the estimated recoverability of deferred tax assets, considering projected future taxable income, the Group prudently resolved — in accordance with IAS 12 — to partially impair the existing deferred tax assets related to deductible temporary differences, recognizing a loss of Euro 8.7 million. It should be noted that tax losses carried forward from previous years, as well as those accrued during the year, have been carried forward in compliance with applicable tax regulations.

As a result, taxes for the period amounted to Euro 10.9 million, inclusive of the above-mentioned impairment. Excluding this effect, adjusted taxes for 2024 amounted to Euro 4.2 million, compared to the recognition of Euro 5.7 million in deferred tax assets in 2023.

The net result was a loss of Euro 31.6 million, compared to a loss of Euro 23.4 million in 2023.

The adjusted net result, net of the above-mentioned items and tax impairment, shows a loss of Euro 10.5 million, equivalent to 3.5% of revenues, compared to a break-even result in the previous year.

Change in net debt

As of December 31, 2024, the net financial debt amounted to Euro 145.9 million, down from Euro 153.7 million recorded in 2023. The evolution of the net financial position is shown in the table below:

(Euro,000)	2024	2023
Cash flow from current activities (A)	21,974	27,472
Change in inventories	9,445	9,399
Change in trade receivables	2,208	951
Change in trade payables	1,753	-15,129
Change in other current assets and liabilities and for taxes	-1,184	-14,591
Cash flow from changes in Working Capital (B)	12,222	-19,370
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	34,195	8,102
Cash flow from investing activities (C)	-16,021	-23,025
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	18,175	-14,923
Changes for interest	-7,578	-7,162
Changes MTM derivatives and amortised cost	-3,966	113
Changes in translation reserves and other assets	-221	-839
Changes to financial assets	2,782	1,409
IFRS 16	-1,352	-1,785
Change in Net Financial Position	7,839	-23,187
Opening Net Financial Position	153,690	130,503
Closing Net Financial Position	145,850	153,690

In 2024, cash generated from operating activities totalled Euro 21.9 million, compared to Euro 27.5 million in 2023.

Working capital generated Euro 12.2 million in 2024, reversing the absorption of Euro 19.4 million recorded in 2023 — a year that was impacted by a one-off commercial transaction with a customer and changes in non-recourse factoring policies.

Trade working capital flows contributed positively for Euro 13.4 million, mainly driven by the improvement in inventory management (Euro 9.4 million), consistent with ongoing efficiency and optimization policies, particularly within the Heating & Ventilation and Smart Gas Metering divisions.

Cash flow from investing activities totalled Euro 16 million, compared to Euro 23.0 million in 2023.

As a result, operating cash flow after investments was positive for Euro 18.2 million, compared to a negative Euro 14.9 million in the prior year.

Within financial activities, the Group recorded interest expenses of Euro 7.6 million, and MTM/amortized cost adjustments of Euro 4.0 million, mostly related to the recognition of the cost from the banking renegotiation, accounted for under IFRS 9.

Net debt was therefore reduced by Euro 7.8 million during the year, from Euro 153.7 million in 2023 to Euro 145.9 million in 2024.

Capex

In 2024, the Group made investments for €15.1 million, of which €11.4 million (75.5% of the total) in the Heating & Ventilation Division, €2.7 million in the Smart Gas Metering sector and €1.0 million for the Water Metering sector. In 2023, these amounts were Euro 19.8 million, Euro 1.8 million and Euro 1.7 million, respectively, for a total of Euro 23.3 million.

The main investments in 2024 for the Heating & Ventilation Division concerned the second and final phase of the renovation of the Headquarters in Padua (Euro 1.9 million), the development of new products (Euro 3.9 million) of which 2.9 million refer to development costs related to five specific projects (877 XL, EF90-EF150, Flexa Pro, Axial Fan, VMC), the maintenance of the plants (Euro 1.7 million) and the renewal of the die-casting moulds (Euro 1.4 million).

In the Smart Gas Metering segment, investments were mainly for the development of new products (Euro 2.6 million), of which €1.4 million refer to development costs related to specific projects (Smartio – G40) and €0.9 million refer to the purchase of moulds, benches and equipment necessary for the implementation of the assembly line related to the G40 project.

Investments in the Water Metering sector mainly refer to the purchase of new equipment (about 60% of the total) necessary for the launch of the Smartio project. The remainder refers to industrial and laboratory equipment, the purchase of hardware and software, and the improvement of production efficiency.

RESEARCH, DEVELOPMENT AND QUALITY CONTROL ACTIVITIES

During 2024, the Group incurred research and development costs totalling Euro 15.0 million, equal to 5.0% of revenues compared to Euro 15.5 million in the previous year (4.8% of revenues).

In 2024, the research and development area had an average workforce of 131 resources, of which 71 were located at the Parent Company. In 2023 there were 135 and 80 resources respectively.

Heating & Ventilation Division

In 2024, the research and development of the Heating & Ventilation (H&V) division was characterized by a further realignment of resources to correctly position the division on a reference market still influenced by rapid evolution, unpredictability and lack of clarity on the points of arrival and the path of approach. A year later, many of the premises that had guided SIT's investments have been partly contradicted by the trend of market dynamics.

The future role of hydrogen in domestic heating as a replacement for methane, in which SIT had invested, arriving at state-of-the-art solutions, has substantially slowed down. With some exceptions, most of the large customers, also because of the difficulties in the sector, have put hydrogen boiler projects on-hold. The rapid penetration of electric heat pumps in the residential sector, for which SIT has developed the Whispertech axial fan, has also come to a halt. In fact, 2024 was characterized in this sector by double-digit declines, overstocking and customer decisions to suspend new product development projects.

Against this backdrop, the Group has redirected and rebalanced its design activity as follows:

- Maintained coverage of traditional residential sectors both in methane and in electrical applications (such as heat pumps and controlled mechanical ventilation);
- Increased the investment effort on next generation combustion for non-residential but light commercial systems in the US and European boiler sectors by expanding the scope of application of the new Flexapro sensorized system;
- Extension of the Flexapro system also to applications intended for the HORECA market both in Europe and potentially for the USA;
- Development of high-power axial fans for light commercial markets and data centers has begun.

In 2024 SIT continued on the path oriented towards reducing the carbon footprint and sustainable design. The Product Development Procedure includes the analysis of the Carbon Footprint from the early stages of design. In this way, the design alternatives are systematically evaluated from the perspective of *life cycle assessment*, combining the technical and economic dimensions with the dimension of CO₂ emissions along the entire product development, production and life cycle chain. Circular economy logics are also increasingly adopted through the minimization of the consumption of materials used, the choice of materials with a lower environmental impact or recycled materials – it should be remembered that all the die-cast bodies used in mechanical controls are obtained from secondary aluminium and that projects aimed at the use of recycled plastics are underway. Also, in the field of packaging, evaluations are underway on a project for the reuse of packaging while new packaging is being designed for new products according to circular economics logic.

On the mechanical side, research is oriented towards the use of increasingly advanced tools, such as mechanical simulation and fluid dynamics platforms in order to develop more compact, integrated and efficient products; on the electronics side, the trend is towards programmable microprocessor solutions equipped with greater intelligence and able to communicate with the surrounding environment through the most modern technologies of the Internet of Things (IoT). Of particular importance is the launch of projects based on advanced sensor technologies - which represent primary innovations in the sector - in the field of intelligent combustion control and safety control for boilers operating with mixtures of

different gases containing biomethane and/or hydrogen up to 100% hydrogen. In this line of research, SIT has carried out and partly completed projects with established technology incubators to accelerate the research process and draw on skills developed in other sectors.

In the area of product development, the Group is engaged in projects addressed along four lines: (i) acquisition of new basic technologies and processes; (ii) development of new products and product platforms; (iii) operational improvement of platform products; (iv) development of new vertical or customized solutions to customer needs starting from existing products.

The research and development activity is completed through consolidated relationships of collaboration with leading universities, such as the Polytechnic of Milan, the University of Padua and the University of Ferrara, external companies specialized in technology development and Italian and foreign research centers, such as RAPRA, CERISE and DVGW. SIT is very active in the leading Italian and international industry associations, in order to acquire more skills not only on new technologies or new solutions but also on research methodologies and regulatory and legislative developments in Europe and worldwide in the fields of application of the Group's products.

Coming to the main 2024 projects, initiatives on the infrastructure and resources front are of particular importance.

With the consolidation of the R&D activities in the new headquarters in Padua dedicated to the research and development laboratories for the entire Group, the department is fully operational to (i) test gas appliances operating at any mixture for both domestic and light industrial powers; (ii) with electronic laboratories capable of carrying out all functional and EMC tests; (iii) to support the development of ventilation products both with electrical tests on motors and aerodynamic tests on fans (iv) transferred to a single context the technical staff of all functions related to the development of new products and industrialization products, thus having in co-location mechanical, motor, fluid dynamic and electronic designers together with laboratory technicians, industrializers and engine quality technicians and fan testing; (v) accelerated the rebalancing of resources by reducing the number of mechanical designers in favor of electronics, control engineers, engine engineers and fluid dynamics, key figures in the development of ventilation. Finally, the Turin office is fully operational, a local unit dedicated to research & development in the field of motor control, development and validation FW that draws on the consolidated network of technical skills in the area.

On the front of gas combustion projects and systems, developments have focused on the completion of the Flexapro system for adoption also in the USA. The system is attracting great interest from customers, it is recognized by the market as the best solution to equip gas appliances in its role as a "bridge" to decarbonization as it is able to dynamically adapt to the type of fuel injected: from methane to biogas, blend, up to 100% hydrogen. Flexapro self-calibrates in all conditions, greatly simplifying both the first installation and maintenance operations, meeting the growing difficulty of customers to find qualified technical personnel.

The individual solutions that together are part of Flexapro also have specific commercial application: (i) a stepper valve control platform suitable for light commercial boilers up to 150kW designed for the US and European markets; (ii) centrifugal fans for equipment with powers of 90kW and 150kW, equipped with three-phase synchronous motors with permanent magnets with electronic vector control. These are technical solutions in which SIT is at the forefront of the sector capable of guaranteeing maximum performance and very low vibrations; (iii) sensorized mixers for sizes of 40kW and 150kW respectively capable of measuring with great precision the quantities of air and gas delivered respectively by the fan and the valve. In addition to the application in light commercial boilers, the system is arousing strong interest in the HORECA sector (Professional Ovens).

In the segment of applications dedicated to gas fireplaces for the US market, the new electronic platform for the control of fireplaces complete with new remote controls is being completed; it is a complete platform - electronics, sensors, valve and remote control - which replaces a system that has been on the market for over 10 years. The platform was presented to customers arousing considerable interest.

On the ventilation front, the Heating & Ventilation division has sampled and is testing, in collaboration with some leading customers, a family of backward-bladed centrifugal fans dedicated to CMV (Controlled Mechanical Ventilation) applications. These fans are equipped with permanent magnet synchronous motors and vector control characterized by top-of-the-market efficiency and vibration level.

In 2024, the first product for the residential heat pump sector was completed and officially presented: 450mm axial fan. This product was developed in technological and commercial partnership with Panasonic Industries. From a technical point of view, noise, efficiency, durability and reliability are decisive in this field; SIT takes care of the fluid dynamics – in collaboration with Enginsoft – of the electronics and mechanics, while Panasonic supplies the engine. The product was presented at the MCE fair in Milan in February 2024 and is being tested by numerous customers. First sales expected for 2025.

Finally, the collaboration between SIT and UpSens continued in 2024 in projects to integrate flow detection applications with sensors of different technologies.

Metering Division

During 2024, the division took a step forward in internalizing the Hardware and Firmware communication skills that will eventually have to be core competencies of the Business Unit and common for both water and gas meters. A dedicated team has been set up for this purpose, focused on the communication part of the NBIOT version of the Smartio static meter. Convergence with the other water (hybrid models with Add-ons) and gas products is expected to follow.

As far as the Smart Gas Metering sector is concerned, the following new products have been developed and released (or are close to release in Q1 2025).

The innovative meter to Italgas specification (codenamed Nimbus), developed following the tender awarded in 2022, has been released and installed in the field. The product is designed starting from thermo-mass technology, of which Metersit is a world leader, which allows accurate measurements in any condition without the need for external conversion devices, as is now the case with other technologies. The accuracy of consumption measurement is guaranteed for a variety of uses: natural gas, biomethane and hydrogen, both pure and blended with natural gas blends. The new meter includes innovative sensors capable of analyzing any pressure losses in the pipelines, detecting fires, as well as detecting any seismic phenomena. It is equipped with highly redundant communication capabilities with primary, secondary and mesh network channels.

The development of an MMU6 domestic gas meter platform for the UK market has been completed in two different versions for the two reference customers. The meters have been approved, tested and released by customers for deliveries in 2025.

The development of an innovative G40 meter for the industrial and commercial market has been completed, again with thermo-mass technology, which will allow natural gas and hydrogen mixtures to be measured, even in the industrial sector, with an NB-IoT remote communication interface. The new meter sees us as the first on the market to be a very light industrial device, with positive impacts on sustainability also thanks to the possibility of injecting hydrogen into gas distribution networks.

The development of two new ranges of industrial meters for the Italian and English markets respectively in line with the new regulations has continued. These ranges will be released in early 2025 and will allow us to position ourselves with new and competitive products.

In particular, the smallest of the C&I for the British market, the MMU16 is highly innovative, resulting in a compact product the size of a domestic meter and competitive because it uses domestic sensors that are much cheaper than the industrial one

In the Water Metering sector, the development of the Smartio ultrasonic static product, developed in collaboration with the GWF partner with the Lora communication protocol, was completed and Aquametric Solution S.A. achieved the first sales. A second version with Nbiot technology is under development.

On the technology front, work was done with partner Upsens on an advanced gas composition meter module. The module uses a multi-sensor approach to identify the composition of a gas mixture in "data fusion" mode. The project is a candidate in a list of innovative projects potentially financed by the customer Italgas.

Upsens is a Start-up within the Optoi group, in which the SIT group has a 10% stake.

Quality

Among the first companies in Italy to obtain the ISO 9001 Quality Certification in 1988, SIT has pursued over the years a constant progression aimed at adapting and often anticipating the growing needs of the market.

The Quality function, in addition to guaranteeing normal control and prevention activities on processes and products, exercises constant supervision to ensure that company activities are aligned with the best standards of effectiveness and efficiency of quality management system processes.

In Heating, certifications have been regularly updated both as ISO 9001:2015 and as ISO 14001:2015 environmental certification.

The surveillance activity by the certification bodies confirms the organization's ability to maintain the quality of processes in line with the international standards of reference.

The recognition of the activities of the laboratories in accordance with the principles of ISO 17025 confirms the high level of technology and skills achieved; In 2024, the tests covered and the scope of international approvals obtained were extended.

In the evolution of the market, and in line with the decarbonization objectives set by the European Union, the product range of the Heating & Ventilation Division has been integrated and adapted to the use of hydrogen, and in this sense, in 2023, SIT was among the first manufacturers in the world to obtain an important recognition in Europe, the GAR certification (Regulation 2016/426 EU) for the 84X family of valves.

Coming to the Smart Gas Metering division, during 2024 Metersit positively confirmed the ISO 9001:2015, ISO 14001:2015 certifications as well as all the Production Quality Assurance certifications (Module D of the MID Directive 2014/32/EU and Annex IV of the Atex Directive 2014/34/EU) of its production plants.

Metersit has positively confirmed the certification according to the ISO 27001 standard (Information Security Management). During the recertification audit, the Company migrated from the ISO 27001:2017 scheme to the new ISO 27001:2022 scheme.

Coming to JANZ, the company operating in the Water Metering sector, during 2024 the ISO 9001:2015 certifications, the AS9100 certification and the Production Quality Assurance certification (Module D of the MID Directive 2014/32/EU) were positively confirmed.

JANZ's water metering laboratories have also been renewed in their accreditation according to ISO 17025, confirming the high level of expertise and quality standards achieved. The certification audit of the laboratory dedicated to Linear Metrology originally scheduled for 2024 has instead been postponed, due to a six-month suspension of activities.

HUMAN RESOURCES AND ORGANIZATION

Details on Group employees at year-end are reported in the following table:

	2024 average	%	31/12/2024 at year-end	%	2023 average	%	31/12/2023 at year-end	%
Executives	33	2%	33	2%	42	2%	39	2%
White-collar	621	31%	631	32%	713	30%	704	32%
Blue-collar	1,232	62%	1,209	61%	1,386	59%	1,271	57%
Temporary	99	5%	123	6%	220	9%	204	9%
Total	1,986	100%	1,996	100%	2,361	100%	2,218	100%

At the reporting date:

- Metering Division had 440 employees, of whom 81 in Italy and 359 abroad; in 2023 there were 307 employees, of which 86 in Italy;
- At Group level, employees in Italy amount to 690 (37% of the total) while those based in other countries amount to 1.183 (63% of the total). In the previous year, these figures were 838 (38% of the total) and 1.380 (62% of the total), respectively.

RISK MANAGEMENT POLICY

SIT is conscious that proper risk management increases awareness in business decisions, reduces the volatility of results with respect to objectives and contributes to the creation of sustainable value in the long term for all stakeholders. The Enterprise Risk Management (ERM) model is an integrated part of the Group's Internal Control and Risk Management System (ICRMS), is updated and aligned with international best practices, and is aimed - through a structured and systematic process of risk assessment, monitoring and reporting - at effective management of the Group's main risks, as well as providing adequate information to the *stakeholders* involved.

The methodology promotes proactive and transversal risk management, enhancing existing management systems - both at strategic and operational level - allowing an adequate flow of information to the administrative and control bodies. The methodology provides for the integration within the ERM model, also in line with the most recent regulatory changes (e.g., *Corporate Sustainability Reporting Directive* - CSRD), of the risks related to the main sustainability issues, including risks related to climate change. These risks were included in the financial materiality analysis within the Double Materiality exercise, carried out for the purpose of identifying the issues relevant to SIT aimed at preparing the Consolidated Sustainability Report.

As of 2024, the ERM function is coordinated by the Group CFO.

The model includes the following steps:

- risk assessment: identification and assessment of the main risks and their measurement, according to impact/probability parameters defined according to a matrix (Risk Scoring Scale) that allows them to be divided into major and minor;
- risk management and follow-up: activities aimed at mitigating, managing and monitoring/accepting risks according to the risk appetite policies and the defined intervention plans;
- risk reporting: disclosure of risks and information to the main internal and external stakeholders, including the Control, Risk and Sustainability Committee and the Board of Directors.

These phases are normally carried out every six months, however in 2024 the activity was carried out annually, during the (Impact, Risk, Opportunity) IRO assessment embedded in the non-financial reporting process, also including the risk assessment over a time horizon consistent with the multi-year strategic plan. Starting from 2022, the risks related to the objectives of the Group's Sustainability Plan ("Made To Matter") were also the subject of specific analysis.

The current model provides for the following macro-categories of risks:

- External risks
- Strategic risks
- Operational risks
- Legal and compliance risks
- Climate risks
- Financial risks

Context of reference

During 2024, the Group operated in a context of economic and financial tension deriving largely from the negative economic situation in the Heating & Ventilation sector recorded from 2023, as a result of the cancellation of sector incentives and the regulatory uncertainty regarding heating appliances in Europe. Therefore, in terms of risk management, great attention has been paid to the management of financial risks, in particular Liquidity risk, to which reference is made for further details.

Another characterizing element of 2024 was the CSRD implementation process. The analysis of Double Materiality, concretized in the Impact, Risks and Opportunities (IRO) analysis, was an opportunity to integrate the instances emerging from the CSRD regulation into the ERM process. All ESG issues related to the IRO analysis - some of which are of strategic importance for the Group given the sector in which it operates - have been assessed and measured, and the results in terms of policies, actions and objectives are represented in the Consolidated Sustainability Report to which reference is made.

The year was also influenced by geopolitical tensions, which were constantly monitored in terms of risks for the Group.

The results of the ERM activities are included in the IRO assessment, aimed at non-financial reporting, and were presented first to the Control, Risk and Sustainability Committee and subsequently to the Board of Directors.

External risks

Country risk

In relation to its international presence, the Group is exposed to the so-called country risk, i.e. the risk of possible changes in the political and socio-economic conditions of a given geographical area. This risk is in any case mitigated by a policy of business diversification by product and geographical area, such as to allow risk to be balanced at Group level.

The location in Tunisia of a Group production hub that supplies electronic boards and mechanical components to the Heating & Ventilation and Smart Gas Metering Business Units, has exposed the Group to the risk linked to the country's political-institutional instability, aggravated by the economic crisis.

During 2024, the Tunisian situation has been at the center of the economic-political debate of European governments who hope for collaboration in the management of migration flows and the return to normality of political and civil life in the country. The International Monetary Fund's decision not to disburse the long-negotiated loan has increased uncertainties regarding the country's public finances.

In any case, the Group continues to closely monitor political and economic developments, also supported by the network of contacts and relationships with local business communities and international and local institutions. It should be noted, however, that in the policy of localization in Tunisia, an attempt has been made to implement, where possible, a double sourcing logic to allow local production to be started in a reasonable time, at other Group sites or at other suppliers, which may be interrupted due to the contingent situation in the country.

With reference to the impact of the Russia-Ukraine and Middle East conflict, the impacts on the Group's operations are being continuously monitored. Although the Group does not have direct investments or operating structures in these countries, the risks monitored are attributable to two areas, both relating to the Heating & Ventilation business:

- from a commercial point of view, as of 10 July 2022, the Company has limited direct relations with Russia to only Heating & Ventilation products for which sanctions are not in force. With general reference to the regulatory update on sanctions, the Company has implemented the control and monitoring measures necessary to manage the regulatory constraints;
- from a supply chain perspective, the production of electronic boards for the Heating & Ventilation segment is taking place regularly at the plant of a US multinational supplier located in Ukraine near the western border. To mitigate the risk associated with the supply, SIT has reduced its purchase quotas and, in order to reduce operational and business continuity risks, has decided to launch an insourcing plan for electronic boards that is proceeding according to schedule.

Finally, with reference to the introduction of barriers, including in the form of duties, which could limit international trade by changing the dynamics and economy of trade, the Group is closely monitoring what is happening with reference to the proposed introduction of duties by the US Administration, with respect to which, however, the methods and timing of application have not yet been defined, in particular with regard to exports from Mexico, main country from which the Group exports its products to the United States.

Strategic Risks

Innovation

SIT Group operates in market sectors characterized by high competitiveness with regard to technological innovation of products, competing in this context, with multinational groups of considerable importance. If on the one hand SIT Group is exposed to the risks associated with technological evolution, on the other hand its ability to correctly understand the needs of the market can translate into opportunities by offering innovative, technologically advanced and competitive products. In this perspective, to maintain a competitive advantage, SIT invests considerable resources in research and development activities on existing technologies and on those of new application.

Strategically, the risk of innovation has been addressed through external collaboration agreements activated to access specialized resources and accelerate the development of new products. In this regard, it is worth mentioning, in particular:

- the strategic agreement, signed in November 2022, with a leading operator in the Water Metering (GWF) sector for the establishment of a joint venture for the development and production of an ultrasonic water meter, which followed, on 20 April 2023, in the signing of the Joint Venture Agreement pursuant to which, on 15 January 2024, the Portuguese company "Aquametric Solutions, S.A." was established. Joint development activities for the new SmartIO product continued during the year and the first productions of the new meter began in the fourth quarter of 2024;
- the corporate agreement for the acquisition of a minority stake in UpSens, an SME specialising in the development of devices for monitoring indoor environmental parameters, both standard and custom, with specific expertise in air quality, finalised on 17 January 2023.
- the establishment, on 7 July 2023, of Hybitat Srl, an associated company of SIT and E-novia for the development of a new hydrogen generation and storage system for residential use;
- the partnership agreement signed with Panasonic Industry in November 2023, for the development of a complete fan solution designed specifically for residential heat pumps. During 2024, albeit in a market context characterized by a sharp slowdown in electric heat pumps, the first prototypes of fans were completed and presented to the market;
- the strategic industrial operation in SIT MBT, which took place in April 2024 and in which SIT has a 70% stake, which aims to position itself as a European leader in the design and production of fans for kitchen hoods, induction hobs and pellet stoves through the development of innovative high-efficiency products.

The consolidated policy of collaboration with leading universities and research centers continues, with reference to the STEM area.

Operational risks

Supply chain

In recent years, global events related to the pandemic, geopolitical instability resulting from the Russia-Ukraine and Middle East conflict and tensions between the United States and China in the Pacific area, as

well as the resurgence of inflation linked to the volatility of energy prices, have led to a reassessment of the role of the supply chain in the company.

The new management paradigm that has emerged is aimed at obtaining components, materials and services at the right price, within defined times and with a high level of quality while promoting, at the same time, ethics and sustainability, development of stable relationships, finally guaranteeing innovation and technological development along the entire supply chain.

During 2024, the supplier management process was consolidated thanks to the application of ESG criteria in the onboarding, evaluation and selection phase. To this end, the Company has defined appropriate policies for the management of suppliers, the objective of which is to increase the contractual coverage of the supplier base in order to maintain more transparent, stable and clear relations with them, in accordance with the SIT Code of Ethics. To this end, and with the aim of measuring business conduct and engaging its suppliers in a relationship of proactive communication and discussion, SIT has chosen the corporate social responsibility assessment company EcoVadis to assess the degree of sustainability of its supply chain.

In 2024, the supply market was overall characterized by relative stability in demand, which led to a substantial normalization of material availability and delivery lead times; Electronic components, a product sector subject to strong volatility in delivery schedules, has also seen a normalization, albeit at historically longer levels. This dynamic has allowed the Group to manage the closure of the Dutch production plant and the relocation of production to Tunisia according to schedule, as well as the simultaneous modification of the supply base made appropriate by this new footprint.

In terms of prices, it should be noted that inflationary pressure has been partly reduced, apart from some commodity codes and raw materials subjected to speculative tensions, especially during the second half of the year. Geopolitical tensions – in particular those arising from the Middle East conflict – have impacted the cost of freight and transport, also generating speculation. It should also be noted that in the second half of 2024, the Group extended the payment terms to selected suppliers, generating some tension in business relations that, however, did not affect the smooth running of operations.

Considering the above and the future prospects currently visible, it cannot be excluded that the state of existing supply relationships may negatively affect the recovery of business, the financial situation, the economic results and the prospects of the Company.

Business interruption

Business interruption refers to the risk of unavailability of production sites or their business continuity. In SIT, this risk is mitigated through a business continuity procedure which, with respect to risk factors, tends to reduce their probability of occurrence and implement protections aimed at limiting their impact. Actions to mitigate the risk of business interruption have been undertaken through the diversification of suppliers, the creation of consignment stock and the use, where possible, of suppliers physically adjacent to production plants.

To mitigate any risk deriving from business interruption events, the Group has in place specific insurance policy to cover this risk.

Product quality

SIT considers the risk associated with the marketing of the product to be of fundamental importance, in terms of quality and safety. The Group has always been committed to mitigating this risk with quality

controls both on the internal production process and on suppliers and with error prevention activities. The latter are aimed at preventing problems before they arise, using specific robust design methodologies such as Failure Mode & Effect Analysis (FMEA), Quality Function Deployment (QFD) and Advanced Product Quality Planning (APQP).

The Company pays particular attention to compliance issues related to the use of hazardous or polluting substances in its production processes and products, also with reference to its supply chain. For this reason, SIT has implemented a management system called Material Trade Compliance (MTC), a portal for interaction with the supply chain for monitoring the compliance status of SIT's products. To date, MTC allows to cover compliance issues regulated by the SIT 4900000 standard under the Conflict Minerals regulation, the REACH and RoHS directives, the US Toxic Substances Control Act and a further set called SIT Restricted Substances which allows to monitor potential future attention points in the procurement process.

Cyber risks

The strong dependence on technology and the progressive acceleration towards digital transformation continue to expose companies to different types of cyber risks both internal and external, including possible third-party vulnerabilities. Cyberattacks, which are increasingly widespread and relevant globally, also in view of the evolution of the geopolitical context, represent a constant threat from which to defend the organization.

SIT's IT Department has equipped itself with specific professionals with experience in cybersecurity and annually defines a risk assessment and management program that includes:

- a system of internal policies and procedures that define the main rules of conduct for the use of company IT resources by assignees, also regulating physical and logical access to data and information;
- a continuous updating of IT infrastructures both at HW and SW level, to guarantee the best active and passive protection solutions against external attacks;
- a penetration test and vulnerability assessment program, to identify possible gaps in IT infrastructures and prepare appropriate remediation plans related to the non-conformities detected;
- training extended to all employees with a digital identity on cyber risks through the adoption of a new training tool;
- a Backup and Disaster Recovery infrastructure sized according to the different needs and critical issues of the company.

Legal and compliance risks

Compliance with regulations and laws

SIT is exposed to the risk of not promptly adapting to the evolution of laws and regulations in the industries and markets in which it operates. Of particular importance, with reference to this risk, are the rules applicable to the Parent Company as a company listed on the Euronext market of the Italian Stock Exchange as well as the regulations on intellectual and industrial property rights and competition, health and safety of workers and the environment, and the processing of personal data pursuant to European

Regulation 2016/679 (GDPR), administrative liability of entities (Legislative Decree 231/01), protection of savings and regulation of financial markets (Law 262/05), as well as EU and national legislation on Antitrust. As a reflection of the ongoing geopolitical tensions, the regulations on international trade are increasingly important, including the limitations related to the sanction's regimes in place to which the Group is called to comply.

To mitigate these risks, each corporate function oversees the evolution of the relevant regulations by making use, if necessary, of external consultants.

The Parent Company, as an issuer listed on Euronext Milan, has consolidated its corporate governance system by adapting it to the provisions of current legislation and best market practices, both in terms of roles, responsibilities and committees, and in terms of procedures and policies.

Contractual risks

With regard to the management of any disputes, the Company's Legal Department periodically monitors the progress of potential or existing disputes and defines the strategy to be implemented and the most appropriate actions to manage them, making use, if necessary, of leading law firms competent for the various jurisdictions where the companies of the Group are based. With regard to these risks and the economic effects related to them, the appropriate assessments are carried out by the Administration, Finance and Control Department. It should be noted that the Company, in connection with its Governance objectives linked to the Sustainability Plan ("Made To Matter") has strengthened its compliance framework with laws, regulations and "best practices", through the drafting, publication and deployment of a new Group Code of Ethics and new procedures and policies in various areas (human rights, environment, stakeholder engagement, etc.).

Insurance coverage

During 2024, the Company, in collaboration with its insurance broker, continued the monitoring and assessment of relevant risks viable for insurance and the opportunities for the coverage offered by the market, confirming the insurance structure in place.

In particular, the coverage of the main risks has been renewed for all Group companies through international insurance programmes such as: third party and employee liability, product liability, the civil liability of directors, statutory auditors, executives and managers; damage to company assets, including damage due to interruption of production, as well as to goods during their transport and finally damage to employees in the performance of their duties. Other policies have been stipulated locally to protect specific needs and/or local regulations.

Climate risks

The first risk taken into consideration is the impact of climate change from the point of view of the evolution of the Group's business, with reference to the so-called transition risks related to:

- introduction of new regulations and product standards;
- development of new technologies that use alternative energy sources to gas;
- evolution of market demand towards applications with reduced CO₂ emissions and/or high energy efficiency.

SIT has long been committed to this effort through constant monitoring of the evolution of sector legislation, also being a participant in the debate of the regulatory bodies in the sectors in which it operates, both nationally and internationally, in a constant dialogue with the main stakeholders.

The development process of new products and solutions is inspired by the logic of eco-design, paying particular attention to carbon footprint profiles and environmental impact in general. SIT products are already prepared for the use of alternative combustion sources to gas (hydrogen and biomethane above all).

The business differentiation and market response strategies are oriented towards new sustainable technologies and the Company is making significant investments in these areas, both through technological partnership projects also with some important customers, and through the diversification of its business into market segments characterized by greater attention to sustainability issues such as controlled mechanical ventilation and electric heat pumps.

SIT has incorporated the impacts of transition risks into business development, having already taken into account the possible evolution of demand for its products as part of strategic planning, carrying out appropriate climate scenario analyses.

The Company will continue to analyse the potential risks associated with the energy transition, functional to the preparation of its strategic plans, in line with the evolution of the relevant legislation and the objectives set by its Sustainability Plan.

Specifically, the business plan, referring to the 2025-2029 time horizon, incorporates the expected downsizing of the gas domestic heating market and the development of new products in growing sectors, such as heat pumps, controlled mechanical ventilation and hood ventilation, which exploit technologies and markets already covered by the Group and which require specific investments for product development. Similarly, growth is expected in product or market segments where combustion will remain prevalent (commercial applications, both methane and hydrogen); finally, the plan reflects an expected recovery of the US market, where restrictive regulations related to applications that use gas as a fuel are not expected to be issued.

The development guidelines for Metering, both Smart Gas Metering and Water Metering, are equally defined and based on the important investments that utilities in the sector are planning and making for the digitization and modernization of distribution networks.

On the other hand, about the physical risks related to climate change, the multiplication of catastrophic events, both acute and chronic, could have an impact on the business continuity and integrity of the Group's tangible assets.

On this front, the Company has adopted appropriate emergency management procedures in relation to the protection of business continuity. Risks of this type are monitored through property & business continuity risk assessment activities with the support of specialized consulting companies in the insurance sector.

What has been highlighted has been carefully considered in the main estimation processes that affected the evaluations made in the preparation of the 2024 financial statements. It is considered that the main balance sheet items affected by the risks related to climate change are Goodwill, Other Intangible Assets and Tangible Fixed Assets, particularly those intended to produce certain product families.

Regarding the impairment test carried out to verify any impairment losses on the net invested capital of the Group's CGUs, the uncertainties related to the regulations governing the domestic heating appliances sector and the possible impacts on demand were also considered in the estimation of future flows. In particular, in the Plan, the assumptions on market trends, sales assumptions and strategies for reacting

to the projected reduction in turnover from traditional products have been set out in line with the expected decarbonisation of the sector.

With this in mind, it should also be noted that the Intangible assets under construction also reflects the internal development of new products that the Group is implementing. The Heating & Ventilation division includes components intended for applications to support the decarbonisation of the sector - such as fans for electric heat pumps, as well as combustion control systems enabled to manage different types of gases including biomethane and hydrogen. In Metering, these are development costs for new families of smart meters.

The impact of the Climate change risk on the value of tangible fixed assets is attributable to the risk of obsolescence linked to the technological transition processes due to the expected reduction in the production volumes of traditional products. This scenario, which is also included in the Strategic Plan, does not seem to have a significant economic impact, also because in most cases these are assets that have already been depreciated or assets whose residual useful life does not exceed the possibility of their use in the current production context.

With reference to the impact of physical risks on the value of tangible fixed assets, the scenario used for the risk assessment – carried out with the support of insurance analyses – did not lead to any economic or financial impacts being recognised in the 2024 financial statements.

The second perspective relating to the assessment of risks related to climate change concerns the way in which the Group intervenes in the challenge against climate change, with concrete actions that can reduce the impact of its operations on the environment, reducing its carbon footprint and reducing emissions and consumption.

In this context, SIT can certainly be considered at the forefront in its sector because:

- it has certified its product carbon footprint measurement system according to ISO 14067:2018 and has verified the organization's carbon footprint (GHG inventory according to ISO 14064-1 standards;
- it has introduced CFP (Product Carbon Footprint) measurements in the development procedure of its products as a fundamental step, combining environmental impact with economic-financial assessments;
- it has outlined a multi-year plan to reduce CO₂ emissions (scope 1 and 2) in line with the objectives of the European Community;
- it has outlined a multi-year plan to reduce CO₂ emissions (scope 3) by working on specific projects and providing for a substantial involvement of its value chain.

In addition to its carbon footprint, other environmental impacts are monitored and include impact related to the evolution of environmental regulations, the monitoring and containment of polluting emissions, the management of energy consumption and the use of natural resources, and the correct management and disposal/reuse of waste.

In this regard, SIT guarantees strict compliance with environmental regulations in all the countries in which it operates. The group's main production sites are environmentally certified (ISO 14001:2015) and the Rovigo die-casting plant has an Integrated Environmental Authorization.

Environmental risks are monitored at all levels of the organization with specific structures and procedures to ensure compliance with regulations and the management of periodic checks and monitoring controls, for the performance of which SIT resorts to the use of independent laboratories and certification bodies, to guarantee the validity of the data collected and compliance with regulations.

Please refer to the Topical Standard ESRS E1 – Climate change, Sub topic Climate mitigation for further considerations on the subject.

Financial risks

The Group is exposed to financial risks relating to the following cases:

- Market risks: (i) exchange rate risk deriving from transactions in currencies other than the functional currency of the companies and the Group; (ii) interest rate risk arising from fluctuations in market interest rates; (iii) price risk deriving from changes in the market prices of certain raw materials used by the Group in its production processes;
- Credit risk deriving from commercial relationships with its customers;
- Liquidity risk related to the availability of financial resources and access to the credit market.

The SIT Group has in place corporate policies for exchange rate risk management, interest rate risk management and liquidity management approved by the Board of Directors.

The purpose of these policies is to regulate within a shared framework the management approach, objectives, roles, responsibilities and operational limits in financial risk management activities.

In line with the terms of the policies, the Group has centralised the management of the financial risks of its subsidiaries in the parent company SIT S.p.A., taking on the role of coordinating processes, operating mechanisms and related organisational procedures at Group level.

Exchange rate risk

The Group is subject to the risk deriving from exchange rate fluctuations as it operates in an international context in which transactions are conducted in currencies other than the functional currency of the individual investee companies and the functional currency of the Group. The Group's exposure to exchange rate risk therefore derives from the geographical distribution of the markets in which it sells its products, the location of its production sites and the use of sources of supply denominated in different currencies.

In order to reduce exchange rate risk, it is a general policy to offset between exposures of opposite signs with correlated risk profiles (so-called Natural hedging).

In the Group's operations, exposure to exchange rate risk usually arises annually at the time of definition of the sales and purchase lists during the setting of the budget change.

The Group regularly assesses its exposure and manages the exchange rate risk on the net exposure, including through the use of derivative financial instruments. Speculative activities are not permitted.

Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing exchange rate risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position, financial position, results of operations and prospects.

The following tables show the value in thousands of Euro, at average exchange rate, of revenues and purchase costs of raw materials, consumables and goods, broken down by currency, respectively. There were no significant changes compared to the previous year.

Total revenues by currency:

(Euro,000)	2024	% Revenues	2023	% Revenues
EUR	227,435	75.9%	253,759	77.8%
USD	42,213	14.1%	41,299	12.7%
CNY	19,810	6.6%	20,326	6.2%
AUD	4,399	1.5%	5,325	1.6%
MXN	5,066	1.7%	5,033	1.5%
GBP	585	0.2%	486	0.1%
Other	30	0.0%	33	0.0%
Total	299,538	100.0%	326,261	100.0%

Total purchase costs of raw materials, consumables and goods broken down by currency:

(Euro,000)	2024	% Purchase	2023	% Purchase
EUR	91,103	61.2%	106,817	63.9%
USD	44,282	29.77%	45,731	27.3%
CHF	6,340	4.26%	7,249	4.3%
CNY	3,770	2.53%	4,443	2.7%
RON	1,740	1.17%	1,986	1.2%
MXN	1,168	0.79%	695	0.4%
TND	331	0.22%	252	0.2%
Other	25	0.02%	38	0.0%
Total	148,759	100%	167,211	100%

During the 2024 financial year, in line with company policies, the Company carried out financial hedging transactions limited to the ordinary management of the Group's currency treasury, operating in this sense in the main currencies.

Exchange rate risk hedging transactions outstanding at the balance sheet date and their fair value at the same date are shown in the Explanatory Notes.

The Group's financial debt is denominated entirely in Euro, while the breakdown by currency of the balances of unrestricted bank accounts is shown in the following table:

(Euro,000)	31.12.2024
Currency	
Euro	7,801
US Dollar	2,334
Chinese Yuan	2,923
Mexican Peso	520
Australian dollar	219
Other currencies	219
Total	14,015

With reference to these items in the financial statements, the potential loss deriving from a hypothetical unfavourable change in the exchange rate of the Euro equal to 10% would have a negative impact of Euro 621 thousand without considering the effect of the existing hedges in this sensitivity analysis.

Interest rate risk

The Group is subject to the risk arising from fluctuations in market interest rates as it holds assets and liabilities that are sensitive to changes in market interest rates.

SIT regularly assesses the exposure to the risk of changes in interest rates and manages these risks also through the use of derivative financial instruments in accordance with the provisions of the company policies. These policies define the financial instruments that can be used and the prohibition of speculative activities.

Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing interest risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position, financial position, results of operations and prospects.

During 2024, following the renegotiation of the main loan contracts, some of the interest rate hedging transactions outstanding at the date of the 2023 financial statements were extinguished and remodulated in line with the new financial profile of the renegotiated debt.

It therefore appears that at the balance sheet date the Group has outstanding term loans and bonds for a principal nominal amount of Euro 125.5 million. These loans are currently covered through Interest Rate Swaps or fixed-rate interest for an amount of Euro 84.2 million, equivalent to 67.1% of the underlying value. The average fixed coverage rate is 3.25%.

Hedging transactions outstanding at the balance sheet date and their fair value at the same date are disclosed in the Explanatory Notes.

SENSITIVITY ANALYSIS

All other things being equal, the effects deriving from a hypothetical increase of 100 basis points in the floating interest rate would have led to an increase in financial charges for SIT for the year 2024 of Euro 742 thousand, taking into account the hedges in place during the period. The same simulation carried out for the previous year, again taking into account the existing hedges, would have resulted in an increase in financial charges of Euro 587 thousand.

Risk of fluctuations in commodity prices

The production costs of the SIT Group are influenced by the prices of certain raw materials, such as copper, aluminium and lithium, as well as by the costs of electronic components, both as a result of direct purchase and by the effect of fluctuations in their price on the purchase cost of components and semi-finished products containing a significant quantity.

In order to mitigate these risks, SIT constantly monitors the availability of raw materials on the market, as well as the trend in the relative price, in order to promptly identify any shortage situations and then to activate suitable actions to ensure the necessary production autonomy and to keep its production cost competitive. In addition, the Group, when it deems it appropriate, in relation to the expected trends, enters into financial contracts to hedge the risk of fluctuations in raw material prices.

The 2024 financial year did not record any particular discontinuity events in the supply markets such as to lead to shocks on prices or on planning and delivery times. Inflationary phenomena, although higher than in recent history, have partially receded. Volatility in transport costs has remained in place, often linked to localized geopolitical problems or tensions which, however, have had an effect on global supply networks. Energy also recorded a downward trend compared to the previous year, but remains exposed to sudden fluctuations for exogenous reasons that are difficult to predict.

During the year, the electronic components market essentially normalised, although some codes used by the Group continue to be subject to very long delivery lead times.

Credit risk

The credit risk deriving from the normal operations of the Group companies with commercial counterparties is managed and controlled as part of the procedures for entrusting and monitoring the credit standing of customers with the aim of ensuring that sales are made to reliable and solvent customers. Credit management activities are coordinated by the Parent Company for all Group companies through periodic reporting and meetings and are based on the information available on the solvency of customers considering historical data and associating exposure limits for individual customers. In addition, the schedule of trade receivables is constantly monitored during the year in order to anticipate and promptly intervene on credit positions that present a greater degree of risk.

At the balance sheet date, there were no significant credit risk positions. For further details on the breakdown of trade receivables, please refer to Note 7.

Working capital

The Heating & Ventilation sector was affected by significant fluctuations in market demand resulting from changes in the regulations on sector incentives and the impact of inflation on household spending. In addition, as is often the case in the electronic components sector, production capacity shortages and growth in demand had lengthened delivery times, creating strong rigidities in the supply chain. Therefore, at the beginning of 2024, a risk related to the management of working capital persisted in the Group, with particular reference to the management of inventories, due to the market and management dynamics of 2023 and partly of 2022.

The problem concerned in particular the Heating & Ventilation segment of the business and some stocks of Smart Gas Metering electronics.

Given this situation, the Group has adopted appropriate policies aimed at reducing the size of stocks:

- with reference to raw materials, applying a conservative approach towards suppliers, adapting the supply schedule to the slowdown in production;
- with reference to finished products, stricter conditions have been applied to the customer regarding the management of orders in the portfolio, providing for the possibility of cancellation only with adequate notice consistent with production and delivery times.

These management policies have made it possible to reduce the level of stocks at the end of the period, while still guaranteeing service levels in the presence of seasonality that manifests itself in the middle of the year. The inventory level as of December 31, 2024 amounted to Euro 72.3 million compared to Euro 83.3 million as of December 31, 2023 and Euro 91.4 million as of December 31, 2022.

Liquidity risk

Liquidity risk may arise from the difficulty of finding the financial resources necessary to guarantee the operations of the Company and the Group at economic conditions and within the required timeframe.

With this in mind, SIT has adopted a series of policies aimed at optimising the management of financial resources to reduce liquidity risk by:

- maintaining an adequate level of available liquidity;
- obtaining adequate credit lines;
- monitoring of prospective liquidity conditions with the support of internal business planning processes;
- maintaining an adequate level of available liquidity.

The Group's cash flows, financial requirements and temporary cash and cash equivalents are closely monitored and managed centrally by the Parent Company, which carries out the Group's treasury activities and financial coordination with the aim of ensuring effective and efficient management of financial resources in relation to changes in the macroeconomic conditions of reference.

Coming to the 2024 financial year, the Group recorded a reduction in consolidated revenues of 8.2% during the year compared to 2023.

While Metering as a whole marks a trend in line with the previous year, the decrease is attributable to the Heating & Ventilation business, which recorded a reduction of 11.7% compared to 2023, which in turn had marked a reduction of 25.8% compared to 2022.

The sector is clearly in a phase of discontinuity with respect to the past, influenced by exogenous factors and regulatory changes in the context of the energy transition.

Starting from the end of 2023, in the face of the expected impossibility of meeting existing financial commitments, the Directors initiated discussions with banks which led to the signing in April 2024 of a series of agreements amending certain loan relationships, agreeing on the extension of the original maturities by 24 months and the remodulation of the repayment profile with maintenance of the current interim cadences, as well as the redefinition of the levels of financial covenants to reflect the changed income and financial prospects of the Group in the short and medium term.

A loan was also disbursed to SIT by the majority shareholder for Euro 5 million, interest-bearing, with capitalization of the related financial charges, subordinated and deferred to the financial debt.

Following the signing of the agreements, starting from the second half of the year, management showed a market trend lower than expected and the economic and financial forecasts formulated by the Company when updating its annual financial statements. In response to these indications, the Company continued to operate on the efficiency measures already envisaged – such as the closure of production activities in the Dutch plant and warehouse reduction policies – and activated a series of further actions aimed at adapting the economic and financial profile to the new context.

The 2024 financial year, although presenting lower results than originally expected and compared to the previous year, was nevertheless carried out regularly and all the Group's financial commitments were met.

On 4 February and 21 March 2025, the Board of Directors approved the 2025 Budget and the Multi-year Strategic Plan (PAM 2025 – 2029) respectively, the latter subject to an Independent Business Review (IBR) by an independent expert.

On the basis of the two aforementioned documents, the future evolution of liquidity has been projected through the preparation of a monthly cash plan over the 2025-2026 time horizon taking into account operational, current and non-recurring and financial details. It can be seen that the greatest financial need manifests itself in the first part of 2025 with a favorable seasonality in the second half of the year that will allow the repayment commitments defined in the April 2024 agreements to be met. Also in 2026, the impacts of seasonality will manifest themselves similarly and the projections do not show any particular criticalities. In the basic scenarios, both financial commitments and contractual covenants, on the basis of the contractual mechanisms envisaged with reference to their measurement, provide reasonable evidence of being respected.

The basic scenario of cash profile planning was also subjected to a series of sensitivities on some key hypotheses - such as the reduction in turnover, the worsening of margins and the simulation of the impact of US duties on market demand - aimed at quantifying the margins of flexibility and maneuver with respect to the existing credit lines. The sensitivities highlighted by the independent expert advisor in the IBR were not included in the projections as they did not show an impact on the horizon analyzed for liquidity purposes.

The impact of sensitivities on the monthly cash flow trend highlighted the greatest attention profiles in the first half of 2026 with respect to which the Company has identified a series of mitigation actions that can be implemented to manage these possible peaks. These are both operational actions, which act on investment timing or working capital conditions, and financial actions by resorting to some credit ceilings that are not currently used.

Coming to the financial covenants, as already mentioned, the basic scenarios contained in the Budget and the Strategic Plan do not highlight critical issues regarding compliance with the parameters. However, in order to assess the headroom on these parameters, starting from the base hypothesis, several stress scenarios were simulated in particular on three key maturities: 30 June 2025, 31 December 2025 and 30 June 2026.

The values of the contractual covenants in place as of December 31, 2024 and on the dates mentioned are as follows:

	December 31, 2024	June 30, 2025	December 31, 2025	June 30, 2026
Leverage ratio (Net financial position/Ebitda adj)	5.50x	4.90x	3.90x	3.90x
Interest cover (Ebitda adj/ Net financial charges)	3.0x	4.0x	4.0x	5.0x
Debt / Equity (Net financial position/Equity)	1.5x	1.5x	1.5x	1.5x
Liquidity Covenant (Minimum amount of liquidity and short-term lines available)	€5 million €7 million	€5 million €7 million	€5 million €7 million	n/a
Capex Covenant (Maximum annual level of investment)	€24 million	n/a	€23.5 million	n/a

It should be noted that financial covenants are defined on the basis of the definitions contained in the loan agreements.

As of December 31, 2024, the covenants were met, while the breakeven level of the covenants relating to Debt/Equity and Interest Cover was verified on the maturities subject to the stress test, depending on the reduction in revenues and margins of the Group.

In light of the analyses carried out, after assessing the uncertainty profiles related to the achievement of the results envisaged in the Budget and the economic-financial plan, including the revenue growth targets, and the realization of the assumptions underlying the cash plan for 2025 and 2026, taking into account the performance of the first months of the current year and the rescheduling of loans as defined in the April 2024 agreements, of the forecasts drawn up and any actions that may be taken in the management of liquidity, it is believed that the Group's financial commitments are consistent, in terms of amount and timing, with current and prospective availability and that the financial covenants in place can be reasonably complied with also due to the contractual mechanisms envisaged with reference to their measurement.

ECONOMIC AND FINANCIAL PERFORMANCE OF THE PARENT COMPANY SIT S.P.A.

Sit S.p.A. operates in the field of design, development, production and marketing of climate control and safety systems for domestic heating appliances and industrial cooking systems.

Turnover for the year was Euro 209.1 million compared to Euro 234.6 million in the previous year, a decrease of 10.9%. Revenues from third parties and from sales of products and components to Group companies amounted to Euro 194.4 million, down 11.9% compared to Euro 220.7 million in 2023. For a detailed description of this trend, please refer to the Sales analysis section. Revenues from services, mostly from Group companies, amounted to Euro 14.7 million compared to Euro 13.9 million in the previous year, an increase of 5.6%. The performance is mainly due to the increase in royalties invoiced by the Company to some production subsidiaries for the use of intellectual property and trademarks owned by the Company, amounting to Euro 5.5 million compared to Euro 4.3 million in 2023.

Purchase costs, net of changes in inventories, amounted to Euro 133.2 million, equal to 63.7% of revenues, down from 64.8% in the previous year.

Personnel costs amounted to Euro 39.6 million compared to Euro 44.6 million in the previous year, with an EBITDA margin of 18.9% and 19.0% respectively.

Costs for services, amounting to Euro 30.2 million, have an incidence of 14.4% on revenues, compared to Euro 34.5 million in 2023 (which was equal to 14.7%).

Under Depreciation, amortization and impairment losses on assets, we report the recognition of the impairment of goodwill for Euro 19.4 million as a result of the impairment loss carried out on the value of the invested capital of the Heating & Ventilation CGU. This write-down was carried out in light of the trend and scenarios envisaged in the use of gas appliances in domestic heating resulting from the energy transition, as better described in the Explanatory Notes.

The 2024 operating result therefore amounted to a loss of Euro 32.1 million compared to a loss of Euro 30.5 million in 2023 with an EBITDA margin of -15.3% and -13.0% respectively. During 2024, income from equity investments of Euro 8.8 million was recorded, a value that was zero in 2023.

Financial income for 2024 amounted to Euro 2.8 million compared to Euro 3.7 million in 2023 due to the reduction in loans to group companies and the trend in market interest rates. Financial expenses for 2024 amounted to Euro 10.7 million compared to Euro 7.9 million in 2023. The value recorded in 2024 was affected by Euro 3.9 million due to the costs related to the renegotiation of the repayment profile of the main bank loans formalized with the banking class in April 2024. For further details on the renegotiation, please refer to the *Significant events of the year* and the Explanatory Notes.

The pre-tax result for 2024 amounted to Euro -31.4 million (-15.0% of revenues) compared to Euro -34.7 million in 2023 (-14.8% of revenues).

Taxes for the year amounted to Euro 7.2 million and included Euro 3.6 million of partial write-down of deferred tax assets carried forward following the update of the economic and financial projections, which do not show large taxable income over the time horizon of the plan (2025-2029). Accordingly, no deferred tax assets were recognised relating to deductible temporary differences that arose during the year and to tax losses for the current year.

The net result for 2024 is a loss of Euro 38.7 million equal to 18.5% of revenues compared to a loss of Euro 29.3 million in 2023 equal to 12.5% of revenues.

The financial position as of December 31, 2024 was Euro 161.3 million (Euro 147.2 million as of December 31, 2023). The breakdown of the net financial position is as follows:

(Euro,000)		
Composition net financial position	31/12/24	31/12/23
A. Cash	2	4
B. Cash equivalents	6,273	2,788
C. Other current financial assets	15,568	22,633
D. Cash and cash equivalents (A) + (B) + (C)	21,844	25,424
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	50,039	35,958
F. Current portion of the non-current debt	6,208	32,567
G. Current financial debt (E + F)	56,247	69,525
H. Net current financial debt (G - D)	34,403	44,101
I. Non-current financial debt	86,888	63,489
J. Debt instruments	39,979	39,605
K. Trade payables and other non-current payables	0	0
L. Non-current financial debt (I + J + K)	126,867	103,094
M. Net Financial Position (H + L)	161,270	147,194

As required by Communication ESMA32-382-1138 of March 4, 2021, it should be noted that the company has net liabilities for defined employee benefits of Euro 3,131 thousand (Note 16) and provisions for risks and charges of Euro 2,542 thousand (Note 15) of the Company's financial statements.

The Parent Company has a role of financial coordination for the benefit of the Group's subsidiaries. With some companies, both Italian and foreign, it carries out centralized treasury activities also through cash pooling systems provided by leading banks. With each of these companies, it maintains one or more intercompany current account relationships on which the financial transactions in question are settled.

RECONCILIATION OF SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR

The reconciliation between the Parent Company's shareholders' equity and profit for the period and the consolidated shareholders' equity and profit for the period is summarised below:

(Euro,000)	Net Equity at 31.12.24	Profit FY 2024	Net Equity at 31.12.2023	Profit FY 2023
Statutory financial statements of the parent company	95,298	(38,662)	135,954	(29,319)
Difference between the carrying amount of the investments and net equity and net profit/(loss) of the consolidated subsidiaries ⁽¹⁾	3,675	4,532	11,467	6,630
Elimination of intercompany gains and losses	(3,800)	757	(4,011)	(434)
Adjustments in the financial statements of the consolidated companies in line with group accounting policies	(4,135)	1,034	(291)	(265)
Elimination dividends from investees	0	(8,800)	-	-
Other adjustments	9,523	9,521	5	-
Minority interest capital and reserves	862	45	-	-
Group & Minority int. consol. financial statements	101,422	(31,573)	143,124	(23,388)

(1) This difference is inclusive of the PPA originally accounted and the PPA following the acquisition of JANZ

INTRA-GROUP AND WITH RELATED PARTIES TRANSACTIONS

SIT is a joint-stock company incorporated in Italy at the Padua Business Register.

SIT carries out management and coordination activities pursuant to art. 2497 et seq. of the Italian Civil Code for its Italian subsidiary. It is not subject to direction and coordination, pursuant to art. 2497 et seq. of the Italian Civil Code, by the parent company Technologies S.a.p.a. di F.d.S. S.S.

With regard to transactions carried out with related parties, including intra-group transactions, it should be noted that they cannot be qualified as either atypical or unusual, as they are part of the normal course of business of the Group companies.

These transactions are settled at normal market conditions, i.e. on terms that would have applied between two independent parties and have been carried out in the interest of the Group.

At its meeting on June 11, 2021, the Board of Directors of SIT approved the update to the procedure for transactions with related parties, pursuant to art. 4 of the Consob Regulation containing provisions on transactions with related parties, adopted by Consob with resolution no. 17221 of March 12, 2010 as subsequently amended, most recently, with Consob resolutions no. 21623 and 21624 of December 10, 2020, and published on the website www.sitcorporate.it in the Corporate Governance, Governance Documents section.

Reference should be made to the Explanatory Notes for detailed information on transactions with parent companies and companies under the control of the latter, transactions with other related parties and intra-group transactions.

It should be noted that SIT, SIT Technologies S.p.A. (now referred to as Findest S.p.A.), SIT Immobiliare S.p.A. (incorporated into Findest S.p.A. in 2024), and Metersit S.r.l. have adhered for the three-year period 2022 – 2024 to the National Tax Consolidation procedure, an institution governed by Legislative Decree No. 344 of December 12, 2003 and in particular by Articles 117 to 129 of the T.U.I.R., with Findest S.p.A. as consolidator and the other companies as consolidated, as per the resolution of the respective administrative bodies. The subsidiary SIT Metering s.r.l. has adhered to the National Tax Consolidation procedure for the three-year period 2023 – 2025 and the parent company Technologies SAPA of F.D.S. S.S. for the three-year period 2024 – 2026, both as consolidated.

Finally, we would like to point out that since the 2020 fiscal year, SIT Technologies S.p.A. (now Findest S.p.A.), as parent company, SIT S.p.A., SIT Immobiliare S.p.A. (incorporated into Findest S.p.A. in 2024) and Metersit S.r.l., as subsidiaries, have adhered to the Group VAT settlement procedure, provided for by art. 73 last paragraph of Presidential Decree 633/1972 as resolved by the respective administrative bodies in 2019. The subsidiary SIT Metering s.r.l. and the parent company Technologies SAPA of F.D.S. S.S. have joined the VAT group procedure since the 2021 and 2023 financial years respectively.

Treasury Shares

As of December 31, 2024, the Company held 650,327 ordinary treasury shares, with no par value, equal to 2.59% of the share capital. As of December 31, 2023, there were 800,409 shares, equal to 3.19%. The difference is due to the accrual during the year of the conditions set out in the first cycle of the LTI Plan.

Performance of Group companies

The following table shows some indicators on the performance of subsidiaries during the year :

Heating & Ventilation Entities

(Euro,000)

Entity	Turnover			Net income			Employees		
	2024	2023	change	2024	2023	change	2024	2023	change
SIT Argentina S.r.l.	38	35	3	-	3	(3)	-	-	-
SIT Gas Controls Pty Ltd	4,399	5,372	(973)	213	248	(35)	5	4	1
SIT Controls Canada Inc.	231	199	32	32	5	27	1	1	-
SIT Manufacturing (Suzhou) Co. Ltd	22,170	22,838	(668)	544	855	(311)	59	73	(14)
SIT Controls CR, S.r.o.	1,040	1,119	(79)	553	561	(8)	5	5	-
SIT Controls Deutschland GmbH	846	1,199	(353)	128	213	(88)	4	8	(4)
SIT Manufacturing Na Sa de CV	41,412	36,180	5,232	3,481	3,017	464	212	169	43
SIT Motors & Blowers Technology S.r.l.	8,107	-	n/a	(50)	-	n/a	26	-	n/a
SIT Controls BV	25,814	31,115	(5,301)	3,929	(316)	4,245	27	118	(91)
SIT Romania Srl	49,402	57,144	(7,742)	741	1,087	(346)	336	407	(71)
SIT Controls USA Inc.	2,061	2,029	32	209	26	183	4	5	(1)
Sit Controls Tunisia S.u.a.r.l	43,816	46,219	(2,403)	2,058	2,803	(745)	220	199	21
Plast Alfin S.a.r.l.	3,670	3,846	(176)	166	67	99	64	73	(9)

Metering Entities

(Euro,000)

Entity	Turnover			Net income			Employees		
	2024	2023	change	2024	2023	change	2024	2023	change
MeterSIT S.r.l.	73,993	76,657	(2,664)	(6,406)	805	(7,211)	81	86	(5)
Sit Metering S.r.l.	170	163	7	(1,309)	(961)	(348)	-	-	-
Metersit UK Ltd	2	4	(2)	(286)	(259)	(27)	2	2	-
JANZ – Contagem e Gestão de Fluídos, SA	31,820	29,549	2,271	3,864	2,306	1,558	300	319	(19)

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2025, through its subsidiary Metersit, which operates in the Smart Gas Metering segment, SIT signed a multi-year contract worth over Euro 20 million with one of the leading European energy companies for the supply of residential smart gas meters.

This strategic partnership represents a major milestone for Metersit in Europe and confirms its commitment to delivering innovative, sustainable, and high-quality solutions to the energy sector.

Also for 2025, SIT has obtained the confirmation of the Gold rating as part of the annual CSR (Corporate Social Responsibility) performance assessment carried out by EcoVadis, an international ESG rating agency. A rating was obtained that places the Group in the 3% of companies in the world that are most committed to sustainability, a rating that further improves within the sector to which it belongs, where SIT is part of the 2% most sustainable.

OUTLOOK FOR THE YEAR

For 2025 SIT is expected high single-digit consolidated revenue growth, mainly driven by market share expansion. This growth is anticipated to materialize in the second half of the year, based on existing client agreements.

The product range diversification launched in 2024 within the Heating & Ventilation segment is also expected to gradually support revenue growth.

In addition, positive carry-over effects from the newly implemented industrial footprint and further initiatives starting in 2025 will contribute to enhancing cost efficiency throughout the year.

The adjusted EBITDA margin is expected to return to double digits and will support a further reduction in net financial debt.

The current outlook does not consider recent developments concerning duties and tariffs, or any future adjustments thereto, considering the current uncertainty regarding the methods and timing with which they will be applied to the countries in which the Group operates.

In compliance with the provisions of IAS 1, at the same time as authorizing the publication of the Company's financial statements, the Board of Directors of SIT S.p.A. proposes to the Shareholders' Meeting to carry forward the loss for the year of Euro 38,662,289.

CONSOLIDATED SUSTAINABILITY STATEMENT

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1. GENERAL INFORMATION

1.1 ESRS 2 General Disclosures

[BP-1] GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENT

This document, Consolidated Sustainability Statement (hereinafter also referred to as the "Sustainability Statement" or "Statement") has been prepared in accordance with the obligations set out in European Directive 2022/2464 (*Corporate Sustainability Reporting Directive*, CSRD), transposed in Italy by Legislative Decree No. 125 of 6 September 2024.

The SIT group (hereinafter also referred to as "SIT", the "Group", the "Society" or the "Company") is required to apply the new *Corporate Sustainability Reporting Directive* (CSRD) for the financial year beginning on 1 January 2024.

The process of collecting data and information for the purposes of drafting this document has been managed in collaboration with various operational functions of SIT actively involved, with the aim of allowing a clear and precise indication of the information considered significant for stakeholders. The Statement has been prepared on a consolidated basis adopting the same scope of consolidation as the 2024 Financial Statements as described in the paragraph "Consolidation principles". This Sustainability Statement includes information relating to the value chain, both upstream and downstream of the Group. In particular, it includes qualitative information on Material Impacts, Risks and Opportunities (IROs), for which reference is made to sections SBM-3 and IRO-1, as well as the contents of the chapter 3.2. ESRS S2 Workers in the value chain and 3.3. Social Information – ESRS S4 Consumers and End Users. Information is also provided on the value chain on the policies, actions and targets defined by the Group, together with specific metrics, including E1-6 – Gross Scope 3 GHG emissions and S1-14 – Health and safety metrics.

The Consolidated Sustainability Statement was prepared under the supervision of SIT's Chief Financial Officer, and was shared with the Managing Director for Sustainability and the Control, Risk & Sustainability Committee

This Statement was approved by the Board of Directors of SIT S.p.A. on April 17, 2025.

The 2024 Consolidated Sustainability Statement, and the reports relating to previous years are available on the company website in the "Corporate" section.

It is emphasized that the information is collected according to the principles of accuracy and completeness required by the ESRS. Please note that sometimes the data have been rounded to the first decimal place or to the nearest unit, so their sum may not coincide perfectly with the total value.

The start date of the reporting period is 01-01-2024. The end date of the reporting period is 31-12-2024.

[BP-2] DISCLOSURE IN RELATION TO SPECIFIC CIRCUMSTANCES

TIME HORIZONS

The terms short-, medium- and long-term time horizons used in this Statement are defined in line with the provisions set out in ESRS 1.

METRICS VALUE CHAIN DATA ESTIMATED USING INDIRECT SOURCES

The ESRS metrics reported in this document include some indicators that are subject to uncertainty, in particular those related to the calculation of greenhouse gas (GHG) emissions.

The GHG Inventory was calculated following the ISO 14064-1 standard and was verified by an accredited third party. The overall level of uncertainty of the GHG Inventory, calculated as required by the standard and assessed using the IPCC methodology as described in paragraph E1-6, is average, mainly for scope 3 emissions for which secondary data were used. In particular, secondary data from international databases, such as Ecoinvent, were used to calculate the emissions of the Value Chain processes not under the direct control of the SIT group (e.g. production of raw materials, transport).

To mitigate the level of uncertainty defined above, the SIT group has implemented a process of collecting and verifying information based on consolidated methodologies, integrating internal and external audits to ensure greater reliability.

SIT is committed to continuously improving the accuracy of its measurements, implementing more advanced monitoring tools and fostering collaboration with stakeholders to reduce the uncertainty associated with environmental data.

CHANGES IN THE PREPARATION AND PRESENTATION OF SUSTAINABILITY INFORMATION COMPARED TO THE PREVIOUS REPORTING PERIOD

Under the transitional arrangements of ESRS 1, the Group is not required to disclose comparative information in the first reporting year. However, to allow comparability of the data, certain data relating to previous years already reported in the Non-Financial Statement have been included in this Statement, where possible. The data relating to the information reported previously do not show changes or errors.

DISCLOSURES REQUIRED BY OTHER REGULATIONS

SIT has the obligation to disclose information related to Article 8 of the European Regulation 2020/852 on the Taxonomy, as outlined in the chapter dedicated to the European Taxonomy in section 2. Environmental Information.

USE OF PHASE-IN PROVISIONS

For this Sustainability Statement, the SIT group uses the phase-in provisions for the following disclosures that refer to material sustainability matters:

- SBM-3 - Expected financial effects of the firm's material risks and opportunities;
- E1-9 - Expected financial effects of material physical and transition risks and potential climate-related opportunities;
- E2-6 - Expected financial effects of impacts, risks and opportunities related to pollution;
- E3-5 - Expected financial effects deriving from impacts, risks and opportunities related to water and marine resources;
- E5-6 - Expected financial effects deriving from impacts, risks and opportunities related to the use of resources and the circular economy;
- S1-7 - Characteristics of non-employees in the firm's own workforce

- S1-8 – Collective bargaining coverage and social dialogue (disclosure obligation for employees in non-EEA countries)
- S1-11 - Social Protection
- S1-13 - Training and Skills Development Metrics
- S1-14 - Health and safety metrics (reporting obligation relating to non-employees, cases of occupational disease, and number of days lost as a result of injuries, injuries, deaths and occupational diseases)
- S1-15 - Work-Life Balance Metrics

[GOV-1] THE ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND [GOV-2] INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

THE BOARD OF DIRECTORS

The Board of Directors (BoD) as a whole is responsible for guiding the Company in the pursuit of sustainable success, i.e., in creating long-term value for the benefit of Shareholders, taking into account the interests of other stakeholders relevant to the Company. The Board of Directors was appointed by the Ordinary Shareholders' Meeting on 3 May 2023 and will remain in office until the Shareholders' Meeting to approve the Financial Statements as of 31 December 2025.

Please refer to the paragraph Composition of the Corporate Bodies, contained in the financial reporting for the members of the corporate bodies as of December 31, 2024.

The Board of Directors has set up three internal committees:

- Control, Risk and Sustainability Committee (CCRS): supports the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System as well as those relating to the approval of the periodic financial reports and the Consolidated Sustainability Statement according to Legislative Decree no. 125/2024, transposing Directive 2022/2464/EU. According to the regulation approved on 27 February 2019, the Control, Risk and Sustainability Committee is composed of three non-executive directors, the majority of whom are independent. The Committee is the control body responsible for monitoring material impacts, risks and opportunities identified;
- Related Parties Committee (CPC): has the task of expressing its own non-binding opinion to the Board of Directors on the Company's interest in carrying out transactions with Related Parties, as well as on the convenience and substantial correctness of the related conditions. The Committee is composed of three non-executive directors, the majority of whom are independent;
- Remuneration Committee (COMREM): has the role of assisting the Board of Directors with preliminary functions of a propositional and advisory nature, in the evaluations and decisions relating to the remuneration policy for directors and executives with strategic responsibilities. It is composed entirely of Independent Directors.

The administrative and corporate bodies of SIT S.p.A, including the Board of Directors and its internal board committees, the Board of Statutory Auditors, as well as the Company's management, play a fundamental role in ensuring the compliance and integrity of corporate operations, in line with the Group's Code of Conduct and with the definition of business conduct or issues relating to business conduct adopted by the ESRS.

The Board of Directors and its committees, in fact, work in synergy to ensure that the SIT group acts ethically, transparently and in full compliance with regulations, with a view to sustainability and continuous improvement. The role played by SIT S.p.A.'s governance ensures a solid decision-making process, based on transparency and responsibility, in support of a corporate strategy oriented towards an ethical and integral business model, while promoting the creation of long-term value.

The Italian companies of the group, SIT S.p.A. and MeterSit S.r.l., each have an Organization, Management and Control Model, both updated in 2024, functional to create a system of rules aimed at preventing unlawful conduct by top management, managers or in any case persons with decision-making power and by persons subject to the management and supervision of persons in top positions, in accordance with the provisions of Legislative Decree 231/2001. With the Model, companies have adopted an organizational system aimed at preventing the risk of committing crimes, through the identification of the most sensitive activities and the statement of rules of conduct to which employees must comply with the utmost care.

The Supervisory Body ("OdV"), established in both companies, plays a fundamental role in ensuring the effectiveness of the Organizational Model adopted by the Entity. Its main task is to monitor compliance with the provisions contained in the Model by all Recipients, ensuring their application and monitoring their effectiveness in preventing any crimes. To this end, the SB conducts periodic checks on the main operations and activities carried out in the areas at risk of illegality, collecting, analyzing, and storing all information relevant to the performance of its functions. In addition, it reports to management any violations of the rules of conduct provided for by the Model and, in the event of changes in the organizational structure or regulatory framework of reference, proposes the necessary updates to the Board of Directors. Thanks to these activities, the SB contributes to strengthening the internal control system, ensuring compliance with the principles of legality and corporate transparency.

In percentage terms, the composition of the Board of Directors as of December 31, 2024, is as follows: 71.43% is Independent pursuant to the reference legislation for listed companies in Italy; 42.86% are female. The average ratio of male to female members of the Board of Directors is 1.33. There are 2 members with executive positions equal to 28.6%, while the non-executive members are 5.

In percentage terms, the composition of the Board of Statutory Auditors as at 31 December 2024 is as follows: 60.00% are female.

The Board of Directors of SIT S.p.A. does not include members representing employees or other workers.

As of 31 December 2024, the responsibilities of the Board of Directors and the Board of Statutory Auditors are summarised in the following table:

Skills	Organ	Industry knowledge						
		Corporate Governance & Risk Management	Finance	Strategy and Management	Digital and Cyber security	Heating & Ventilation	Metering	ESG
Federico de Stefani	Board of Directors	X	X	X	X	X	X	X
Chiara de Stefani	Board of Directors	X	X	X		X	X	X
Franco Stevanato	Board of Directors	X	X	X	X			X
Bettina Campedelli	Board of Directors	X	X	X		X	X	X
Carlo Malacarne	Board of Directors	X	X	X			X	X
Lorenza Morandini	Board of Directors	X	X	X				X
Giorgio Martorelli	Board of Directors	X	X	X		X	X	X
Matteo Tiezzi	Board of Statutory Auditors	X	X					X
Saverio Bozzolan	Board of Statutory Auditors	X	X					X
Loredana Conidi	Board of Statutory Auditors	X	X					X
Barbara Russo	Board of Statutory Auditors - Alternate Auditor	X	X					X
Sabrina Gigli	Board of Statutory Auditors - Alternate Auditor	X	X	X				X

All members of the Board of Directors have knowledge and expertise in business ethics, corporate governance and regulatory affairs. In addition, almost all members have developed experience in the field of social commitment and environmental issues.

Thanks to these skills, the directors of the SIT group can oversee sustainability issues and manage impacts, risks and material opportunities. With specific reference to IROs related to Climate Change, their management will benefit from the expertise of the Board of Directors in the areas of Heating & Ventilation and Metering. While IROs related to Business Conduct benefit from expertise in Corporate Governance & Risk Management. It should be noted that the responsibilities of each body regarding impacts, risks and opportunities are set out in the company policies related to them, described in detail in the thematic chapters of this document.

For further information on corporate governance, please consult the documentation on the Company's corporate website in the *Corporate Governance* section.

SUSTAINABILITY GOVERNANCE

Starting from 2021, in support of its commitment to achieving sustainable success and addressing its key stakeholders' needs of focused and systematic management of ESG issues, as well as the definition, implementation, reporting and monitoring of the Sustainability Plan – Made to Matter (hereinafter also "MtM" or the "Sustainability Plan"), SIT formed a Sustainability Governance team. For more information on the SIT group's Sustainability Plan, please refer to paragraph SBM-1.

During 2024, with the aim of increasing the degree of integration of ESG management with the business operating structures, the Sustainability Governance was partially modified also with the aim of seeking greater efficiency in view of the particular economic and financial situation that the Heating & Ventilation sector is going through.

Therefore, as of April 2024, the structure is as follows:

- Corporate Sustainability Director: director with specific powers in the ESG field with responsibility for coordinating the Group's Sustainability Plan, the related policies and improvement objectives, as well as promoting engagement and communication with stakeholders;
- Management Committees: managerial committees consulted from time to time in the definition and implementation of the Sustainability Plan and responsible for allocating the resources necessary to achieve the objectives pursued;
- Sustainability Corporate Team (Mission Leaders): a multifunctional team coordinated by the Corporate Sustainability Director and composed of company representatives who have assumed specific responsibilities regarding the definition of appropriate policies and objectives, the execution of specific projects envisaged in the Sustainability Plan, contributing to the dissemination of the "culture of sustainability";
- Sustainability & Carbon Emissions Manager: leads the Sustainability function and is responsible for promoting, coordinating and monitoring the actions envisaged in the Sustainability Plan, reporting on the Group's results and the Consolidated Sustainability Statement, as well as the Measurement and Management of Greenhouse Gas Emissions. The Sustainability & Carbon Emissions Manager functionally reports to the Chief Financial Officer of the SIT group and coordinates a team made up of resources identified from time to time with specific ESG skills;
- Sustainability Local Units: specialised units, spread throughout the organisation at Group level, which represent the reference points for sustainability reporting and the dissemination of ESG culture.

The process of monitoring, managing and controlling impacts, risks and opportunities is entrusted to the Sustainability & Carbon Emissions Manager, under the supervision of the Chief Financial Officer of the SIT group with the support of the Mission Leaders. The Group's Corporate Sustainability Director is updated regularly and, together with the Sustainability & Carbon Emissions Manager, submits the results of the analyses conducted to the Control, Risk and Sustainability Committee, which validates the process and supports the management bodies in its approval.

There were 10 meetings of the Mission Leaders in the January-July period, while the Steering Committees in which particular ESG issues were addressed were 2 in the March and December period. The Control, Risk and Sustainability Committee (CCRS) held 5 meetings on sustainability-related issues covering the following specific topics:

- analysis and approval of the Consolidated Sustainability Statement pursuant to Legislative Decree 125/2024;
- analysis, setting, and monitoring of the CSRD project and its progress;
- analysis and approval of the 2024 update of the Sustainability Plan – Made to Matter;
- analysis and approval of double materiality in line with the IRO methodology described below.

SIT adopts an integrated approach to risk management, in line with the ERM methodology, incorporating risk assessment into the Management agenda. In addition, each function is responsible for implementing controls and procedures to manage significant impacts, both negative and positive, with the support of the Sustainability function, as well as seizing opportunities related to the ESG world.

The administrative, management and control bodies consider impacts, risks and opportunities by integrating them into the procedures and processes of strategic and operational planning and control, typically the Strategic Plan and the annual budget. In the reporting period, the impacts, risks and opportunities addressed are those that emerged through the double materiality analysis, a list of which is available in SBM-3 of this document. In particular, the focus was on the impacts related to climate change, both in terms of transition to the Heating & Ventilation sector and in relation to product development investments.

In this sense, ESG impacts and risks represent a strategic driver for the business, support in decision-making and business planning, both strategic and operational. They are also a key element in the development of the Group's risk management process.

[GOV-3] INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCES IN INCENTIVE SCHEMES

Since 2022, the attention to ESG issues has also been reflected in the remuneration policies adopted by the SIT group. Starting with the Chief Executive Officer and the Executives with Strategic Responsibilities (DIRS), the Company has defined a series of ESG performance targets, set out both in the short term in the Management By Objectives (MBO) programme for the financial years 2022 and 2023, and in the medium/long term through the Long Term Incentives (LTI) programme.

The desire is to combine business performance with attention to environmental issues, social responsibility, ethics and integrity in the management of relations with stakeholders.

The defined structure and the related remuneration policies were then reflected "in a cascade" at all levels of the Organization, in line with the projects envisaged by Made to Matter.

This has ensured a transversal commitment of all Departments/Functions in the definition, implementation and monitoring of initiatives related to the Sustainability Plan, aligned with the objectives of the Medium-Term Strategic Business Plan (so-called PAM).

MBO POLICY 2024

In view of the aforementioned negative economic situation that the Heating & Ventilation sector is going through in 2024, the objectives assigned as part of the MBO policy for the year 2024 aim to recover profitability and improve the Group's financial position. Therefore, a single financial performance objective (KPI) has been introduced for all MBO assignees at Group level with a percentage weight of 100%.

In line with the Remuneration Policies, the integration of business objectives with ESG targets will be reintroduced again in the future as soon as the Group's economic and financial situation normalizes.

LTI IN THE 2024 REMUNERATION POLICY

The Remuneration Policies include a medium/long-term component through the Long Term Incentive (LTI) program, based on the assignment of SIT shares to beneficiaries in order to align internal objectives with the objectives of increasing value for shareholders.

The beneficiaries of the LTI program include, in addition to the Executives with Strategic Responsibilities (DIRS), a group of first and second level managers, both Italian and foreign, with a primary role in the pursuit of the company's strategic targets. This component of remuneration and the incentive system provides for a percentage, equal to 20% of the total, linked to Sustainability.

This is also in consideration of the proactive role that the Group plays in the development of products and components that enable the decarbonisation of heating appliances.

The long-term component (LTI) for the period 2023-2025 includes the following sustainability indices:

- Maintenance of the Ecovadis GOLD rating for the years 2024 and 2025;
- Achievement of an average of 9% in the period 2023-2025 of "Non-combustion" products out of the total turnover of the Heating & Ventilation business unit.

The conditions of SIT's incentive systems, including the ESG objectives integrated into the Management By Objectives (MBO) and Long-Term Incentives (LTI) plans, are approved and updated at management and governance level to ensure consistency with the corporate strategy and sustainability commitments. The Remuneration Committee is responsible for periodically assessing the effectiveness of the incentive criteria, proposing any adjustments in line with regulatory, market and sustainability developments. The remuneration policies are then submitted to the Board of Directors for approval, ensuring alignment with the strategic objectives of the Sustainability Plan and the Medium-Term Strategic Business Plan (PAM).

Periodic performance monitoring, conducted by the HR Department in collaboration with the Sustainability Governance Bodies, makes it possible to verify the achievement of objectives and to introduce improvement updates, promoting a remuneration system consistent with the objective of creating sustainable value in the medium to long term.

It should be noted that both sustainability indices indicated in the incentive system of the Long Term Incentive (LTI) program assume the achievement of the GHG emission reduction targets, to which they are directly linked. As described in paragraph E1-4, the reduction of GHG emissions in the downstream value chain is in fact linked to the product transition to lower emissions or non-combustion applications, and the objectives are broken down in terms of product development and business milestones.

For further information, please consult the documentation on the Company's institutional website in the *Corporate Governance* section.

[GOV-4] STATEMENT ON DUE DILIGENCE

Below is a mapping of the Due Diligence information provided in this Statement, to represent the actions and safeguards adopted by the Company to mitigate the actual and potential negative impacts on the environment and on the people connected to its activities, identified in the double materiality analysis process.

KEY ELEMENTS OF DUE DILIGENCE	PARAGRAPHS OF DECLARATION
Incorporating due diligence into governance, strategy and business model	ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SBM-3
Involvement of stakeholders in all key due diligence phases	ESRS 2 SBM-2, ESRS 2 IRO-1
Identification and assessment of negative impacts	ESRS 2 IRO-1, ESRS 2 SBM-3, S1 SBM-3, S2 SBM-3, S4 SBM-3
Taking action to address these negative impacts	E1-3, E2-2, E3-2, E5-2, S1-3, S1-4, S2-3, S2-4, S4-3, S4-4, G1-2, G1-3
Tracking the effectiveness of those efforts and communicating	E1-4, E1-5, E1-6, E2-3, E2-4, E3-3, E3-4, E5-3, E5-4, E5-5, S1-5, S1-6, S1-8, S1-9, S1-10, S1-14, S1-16, S1-17, S2-5, S4-5, G1-1, G1-4, G1-6

Due diligence is a practice that responds to changes and can lead to changes in the company's strategy, business model, activities, business relationships, as well as in the operational, procurement, and sales contexts.

The actions described in the paragraphs mentioned above represent the starting point of an ESG due diligence activity that will be structured and formalized over the next few years.

[GOV-5] RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The Company's Internal Control and Risk Management System (ICRMS) involves different units and actors, balancing coordination and autonomy to ensure complementary objectives and rules.

SIT's ICRMS, in accordance with the company's best practices and reference standards on the subject, is divided into three levels of control with well-defined roles and responsibilities:

- First level of control: identifies, measures, evaluates, mitigates, monitors and reports in an effective and efficient way the risks deriving from ordinary business activities in the performance of daily activities (Business Process Controls). These activities are entrusted to the operational structures;
- Second level of control: monitors the main risks to ensure that the controls implemented by the front line ensures efficiency and effectiveness of operations, adequate risk control, prudent conduct of the business, reliability of information, compliance with laws, regulations and internal procedures. This level of control is entrusted to the Manager in charge of preparing financial statements, to the Risk Management, Governance and Legal functions;
- Third level of control: guarantees independent and objective assurance and advisory activities, aimed at assessing the adequacy of internal control, risk management and corporate governance processes, adopting a risk-based approach. Third-level controls fall under the responsibility of the Internal Audit function, which verifies the completeness, adequacy, functionality and reliability in terms of efficiency and effectiveness of the internal control system.

Also in 2024, the risk management process in SIT continues to be an integral part of the Company's Internal Control and Risk Management System (ICRMS) and is based on Enterprise Risk Management (ERM) which systematically supports the company in identifying, assessing, mitigating and monitoring risks related to business objectives, through an integrated system that facilitates decision-making at a higher company level (entity-level control). ERM activities complement those of the other Corporate and Control Bodies operating within the ICRMS and are carried out on the entire group perimeter with a time horizon of analysis consistent with that of the company's strategic planning.

In 2024, SIT's risk management system was strengthened by integrating the topics of the Corporate Sustainability Reporting Directive (CSRD) into the company's ERM. SIT has carried out a mapping of the requirements to integrate the necessary information into sustainability reporting and ensure compliance with the new provisions. SIT, in this way, has developed a structured approach to ensure effective control of critical factors that can influence its work, integrating advanced methodologies for the identification, assessment and mitigation of vulnerabilities. The integration of ESG risks into the broader corporate risk management (ERM) system that started in 2023 and continued in 2024 within the double materiality analysis, thus allows the Company to identify sustainability-related risks, such as environmental impacts, reputational risks, regulatory violations or financial risks related to ESG factors.

Responsibility for Risk Management activities is entrusted to the Chief Financial Officer, who also holds responsibility for the Group's Sustainability Reporting. In this synergy, the collaboration with the Control, Risk and Sustainability Committee, the Corporate Sustainability Director and the Board of Directors ensures constant alignment with the ESG targets of SIT's Sustainability Plan, strengthening risk management in key areas.

The SIT group's Sustainability Reporting process is subject to a series of internal controls in order to ensure transparent and reliable communication of ESG performance to both internal stakeholders and the market. In particular, the internal control system for non-financial reporting purposes includes the following main steps established to ensure that decision-making power is assigned and effectively exercised at an appropriate level of competence and accountability:

- identification of the relevant ESG topics to be reported, through a materiality analysis based on the assessment of impacts, risks and opportunities;
- validation of the CCRS and consequent evaluation and approval of the materiality analysis by the company management and the Company's Board of Directors;
- identification of the sustainability reporting principles to be integrated into the reporting process according to the material and IRO topics identified;
- collection of significant data and information related to data points subject to disclosure, consolidation and validation by company management;
- analysis and classification of turnover, capital expenditures and operating expenses for the calculation of the key performance indicators required under the EU Taxonomy Regulation;
- validation of Sustainability reporting by the CFO;
- approval of the sustainability report by the Company's Board of Directors.

The managers of the Sustainability Local Units of the departments involved in the data collection process are responsible for the accuracy and completeness of the data provided by the individual plants/offices. Finally, the consolidated data relating to each of the relevant topics are validated by the Parent Company's Managers of the various functions.

SIT is working to further strengthen and consolidate its internal control process with respect to what is already in place to ensure the consistency and accuracy of the data covered by sustainability reporting. The aim is to expand the structure of internal controls based on the assessment of the risk associated with the relevant data subject to disclosure, in order to prevent, mitigate and/or reduce potential errors such as, for example, those due to the processing or consolidation of data from primary sources.

[SBM-1] STRATEGY, BUSINESS MODEL AND VALUE CHAIN

SIT operates globally by offering advanced solutions in the heating and ventilation sector (Heating & Ventilation), intelligent measurement of gas consumption (Smart Gas Metering) and water consumption (Water Metering), contributing with the role of strategic partner for the energy transition and environmental sustainability. In Heating & Ventilation business unit SIT develops components and systems for domestic and commercial heating, including multifunctional safety and control valves for gas, electronic controls, fans for high-efficiency boilers and electric heat pumps as well as for forced mechanical ventilation systems and cooker hoods, designed for the main world markets. In the Smart Gas Metering sector SIT is a reference player in Italy in the production of Residential and commercial gas meters with smart communication capabilities, designed to improve efficiency and safety in the management of energy resources. Finally, through the Water Metering segment, the company provides residential water meters, both mechanical volumetric and smart, contributing to the intelligent management of water resources. Technological innovation and sustainability are at the heart of SIT's strategies, which constantly invests in Energy-efficient solutions, compatible with Alternative combustion sources than methane such as hydrogen and biomethane, promoting a responsible and future-oriented business model.

In a context of reduction in the reference market in the Heating & Ventilation sector in Europe in the period 2023-2024, as a result of regulatory developments and the loss of sector incentives, SIT's strategy is based on:

- expansion of the product portfolio to include components both for electric heating appliances, such as heat pumps, and for forced mechanical ventilation systems and cooker hoods;
- development of products intended not only for residential appliances, but for both commercial and HoReCa sector applications;
- geographical development on markets with greater growth potential, such as the USA;
- international development of the smart gas metering business;
- growth in the field of smart water metering with the new Smartio product.

By fully integrating environmental and social considerations with economic targets, SIT is able to identify potential risks and capitalize on further opportunities, resulting in a process of continuous improvement. Sustainability is a central element of the governance model adopted, and Management plays a direct and active role in the development and achievement of sustainability targets under the direction of the Board of Directors.

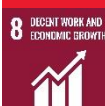
As proof of this commitment, SIT has strengthened the integration of ESG issues into the strategic plan by presenting, in May 2022, the Made to Matter Plan – SIT's sustainability plan.

Through the sustainability path outlined in the Plan, SIT defines its environmental, social and governance targets, establishing the ways in which it intends to conduct the company in an ethical and responsible way. The goal is to ensure sustainable and long-term growth, creating value for all stakeholders.

The Plan is structured on three pillars:

- MADE BY US, focused on sustainable economic growth, governance, risk management and regulatory compliance;
- MADE FOR FUTURE, dedicated to SIT's environmental responsibility;
- MADE WITH CARE, which declines corporate social responsibility according to SIT's vision.

The following table summarizes the relations between the three pillars of the Made to Matter Plan and the other relevant dimensions in terms of main areas of intervention, SDGs and ESRS topics.

MADE TO MATTER	SUSTAINABILITY PILLAR	ASPIRATION	SDGs	Topic ESRS
MADE FOR FUTURE	ENVIRONMENTAL RESPONSIBILITY	Develop sustainable products and reduce the environmental impact of operations		E1 Climate Change
				E2 Pollution
				E3 Water and Marine Resources
				E5 Resource use and circular economy
				S4 Consumers and end users
MADE WITH CARE	SOCIAL RESPONSIBILITY	Investing in our people and in the community, creating the conditions to thrive		S1 Own Workforce
				
				S2 Workers in the value chain
MADE BY US	SUSTAINABLE ECONOMIC GROWTH / GOVERNANCE, RISK AND COMPLIANCE	Creating long-term sustainable value for all stakeholders and ensuring ethical and responsible business conduct	   	G1 Business conduct

The number of Group employees as at 31 December 2024 was 1,873, with the following geographical breakdown:

REGION	Number of employees as of 31.12.2024
Italy	690
Europe (excluding Italy)	625
America	217
Asia and the Pacific	57
Africa	284

Total revenues in 2024 are Euro 299.5 million with the following breakdown:

(Euro.000)						
Total Revenue	2024	%	2023	%	Diff	Diff%
Heating & Ventilation	206,678	69.0%	233,997	71.7%	(27,320)	(11.7%)
Metering	88,194	29.4%	88,619	27.2%	(426)	(0.5%)
Total sales	294,872	98.4%	322,617	98.9%	(27,745)	(8.6%)
Other revenues	4,667	1.6%	3,644	1.1%	1,022	28.1%
Total revenues	299,538	100%	326,261	100%	(26,723)	(8.2%)

DESCRIPTION OF THE BUSINESS MODEL AND VALUE CHAIN

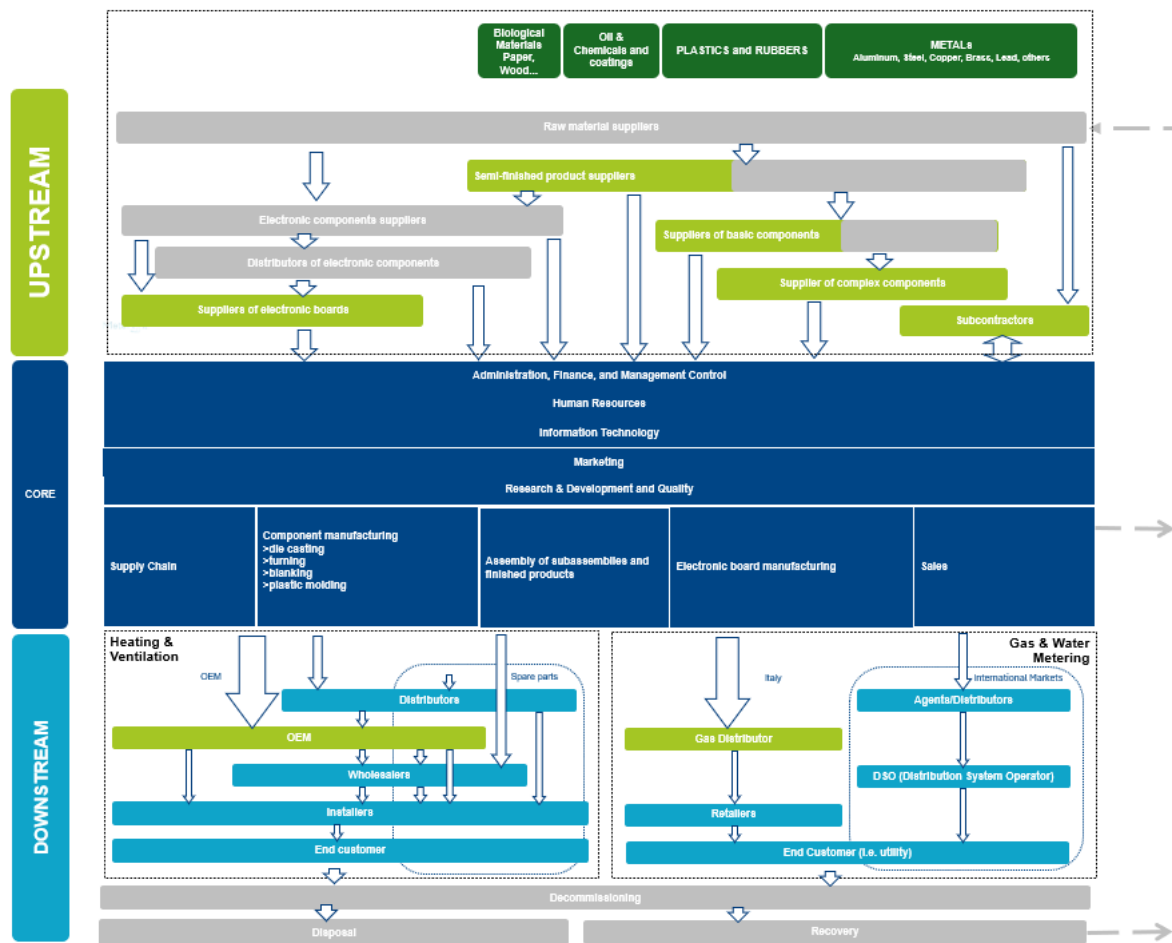
Through the Heating & Ventilation, Smart Gas Metering and Water Metering business units, SIT develops intelligent solutions for the control of environmental conditions and the measurement of consumption for a more sustainable world.

A leading multinational company in its reference markets, SIT wants to be the main sustainable partner of energy and climate control solutions at the service of client companies, paying great attention to the experimentation and use of alternative gases with low environmental impact. The Group is present with production sites in Italy, Mexico, Romania, China, Tunisia and Portugal, and its direct commercial structure covers all the world's reference markets.

The following graph shows the main characteristics of the upstream and downstream value chain, and the positioning of SIT within it. The main functions carried out within the core are also represented.

We inform you that for the purpose of representing its business model and value chain, SIT has used personal and operational company data residing on its management information systems for the mapping of the main types of subjects and Upstream transactions. Such data is collected on a "no-name" basis using data protection systems that comply with current regulations.

With regard to the current and expected benefits for SIT customers, the business model adopted allows to provide products and solutions capable of supporting their market strategy both in the short and medium to long term at competitive economic conditions, supporting the decarbonization of the sector; as far as investors and other financial stakeholders are concerned, SIT's business model pursues a medium/long-term value creation objective.



The main core functions to pursue long-term sustainable success and correlated with the main IROs of SIT, are described below.

Research & Development: It carries out a fundamental action in support of SIT's Mission which is "Creating intelligent solutions for the control of environmental conditions and the measurement of consumption for a more sustainable world". Research, development and innovation activities are key factors that allow the SIT group to confirm itself as a strategic partner of its customers in the development of solutions capable of improving the efficiency of applications and serving the energy transition underway, both in the heating sector and in the ventilation and consumption measurement sector.

For more information, please refer to the chapter 2.1. ESRS E1 Climate change, 2.3. ESRS E3 Water and Marine Resources and 2.4. ESRS E5 Resource use and circular economy.

Supply Chain: It is the main function in charge for managing the supply chain in a responsible manner, creating a sustainable value chain in the long term for SIT, its suppliers and its customers. We are committed to ensuring that it is respectful of the environment, the rights of workers and local communities, that it is oriented towards minimizing its impact throughout the product life cycle (LCA) with particular attention to reducing the carbon footprint, that it constantly involves suppliers as partners in the pursuit of ESG targets, quality and safety of products and processes.

For more information, please refer to paragraph G1-2 on Supplier Management and the chapter 3.2. ESRS S2 Workers in the value chain.

Human Resources: SIT promotes a work environment that promotes the well-being and both individual and organizational development of its people. A work environment based on inclusive policies aimed at enhancing diversity and promoting merit. This function is placed in a particular situation of commitment as the current situation in the Heating & Ventilation sector means that the Group must take actions to improve its organizational structure to regain greater cost competitiveness.

For more information, please refer to the chapter 3. SOCIAL INFORMATION

3.1. ESRS S1 Own workforce and 4.1. ESRS G1 .

Operations: The manufacturing function is represented in the graph according to the underlying fundamental technologies (i) mechanical components intended for assembly lines in other Group plants, (ii) assembly of sub-assemblies and finished products (iii) production of electronic boards. The process is highly integrated, starting with the purchase of raw materials and components, and implemented according to local for local logics, i.e. the final assembly plants are located near the customers' plants.

On the energy resources front, SIT has launched projects to reduce energy consumption and CO₂ emissions, with particular attention to the efficiency of production plants and the installation of photovoltaic systems at the Rovigo and Padua sites.

For more information, please refer to the chapters 2.1. ESRS E1 Climate change, 2.2. ESRS E2 Pollution, 2.3. ESRS E3 Water and Marine Resources, 2.4. ESRS E5 Resource use and circular economy 2.4. ESRS E5 Resource use and circular economy, 3.1. ESRS S1 Own workforce and 4.1. ESRS G1 .

Adopting now a mode of analysis in terms of input-output, we proceed to a brief description of the upstream and downstream value chain.

Upstream

SIT's approach to resource management is based on an integrated model that considers material, energy, technological, and human inputs as fundamental elements for the pursuit of its strategic and operational objectives.

In the area of material resources, the Upstream value chain plays a decisive contribution both in the generation of GHG emissions and in the use of resources and circular economy. SIT has implemented policies and strategies to optimize procurement and reduce the impact on climate change and resource use along the supply chain, promoting the use of recyclable raw materials and components with reduced environmental impact, as described in the chapters 2.1. ESRS E1 Climate change and 2.4. ESRS E5 Resource use and circular economy.

In addition to material inputs, the role of intangible inputs is of fundamental importance.

Financial capital represents the way in which SIT is able to generate value for its shareholders and ensure the proper functioning of its operations, as well as the generation and distribution of value over time to all stakeholders.

Intellectual capital is an intangible resource through which the Group generates skills and innovative solutions essential for the development of its business. It also includes the level of technological infrastructure that characterizes organizational and operational processes, as well as the ways in which internal and external skills are leveraged to drive innovation. SIT secures and protects its intellectual property both through constant investments in the Research & Development sector and through focused technological partnerships, for example, among the most recent we mention the partnerships with Hybitat, Panasonic, Upsense and GWF respectively in hydrogen storage, ventilation for heat pumps, sensors, smart water metering).

The inputs related to the human factor consist of the characteristics and size of the workforce, as well as its managerial, technical and engineering skills, which are guaranteed through the Human

Resources function. This function is formalized through policies and actions aimed at promoting training, talent development, health and safety, commitment and welfare.

Downstream

As far as the downstream value chain of SIT is concerned, the first dimension of differentiation is between the Heating & Ventilation business and the Metering business.

In **Heating & Ventilation**, SIT operates as a supplier of components to OEMs who produce the final destination equipment. The channel can be direct or through a distributor in specific geographical areas. The sector does not have a clear differentiation between first and second installation (spare parts) channels, as a spare parts distribution chain is often generated in the same sales channel to OEMs.

The sector is also characterized by a fundamental role played by installers who are the primary interlocutors of the end customer, especially in the replacement phase which represents the main share of sales compared to new homes.

In **Metering**, the product sold by SIT represents the final product actually installed. Customers are usually utilities that manage gas or water distribution networks and are often public entities or owned by public bodies. In this case, the sales process is regulated by public legislation (Procurement Code in Italy).

In England, one of the main European markets, the customer may not be directly the distributing utility, but specialized operators (MAP – Meter Asset Provider) who purchase the meter on behalf of the utility and then proceed with its operational rental.

In the Water Metering sector, there is also a significant part of sales to other meter manufacturers (OEM channel), a market model widespread in the sector that allows operators to cover certain geographies from a commercial point of view or to complete their product range.

[SBM-2] INTERESTS AND PERSPECTIVES OF STAKEHOLDERS - GENERAL

SIT involves its stakeholders through specific initiatives aimed at transparency and collaboration. The goal of engagement is to ensure continuous dialogue, improve the sustainability of business operations, and strengthen stakeholder relationships.

Stakeholders directly influence the definition of SIT's corporate strategy: their contribution is collected through structured mechanisms, such as periodic meetings, materiality analysis and audits and, subsequently, the information obtained makes it possible to identify risks and opportunities and to guide strategic choices in line with market needs and regulations.

The main stakeholder groups and the main ways in which SIT interacts with them are listed below:

- Shareholders, investors and lenders: institutional communication, market communication, financial reporting, Sustainability Statement and periodic meetings;
- Customers: co-design and co-development projects, audits in production plants, official website, workshops and participation in trade fairs;
- Suppliers, subcontractors and business partners: periodic meetings, quality audits and assessments, ESG assessments and collaborative product development;
- Governments, Public Administration and Institutions: Discussion meetings with representatives of local institutions and participation in regulatory committees at European and national level;
- Universities and research centres: collaborations for innovation and research projects for new materials, and internship programs;
- Local communities: participation in events promoted by local associations and projects to support social initiatives;
- Employees: induction programs for new hires, training activities, job posting, initiatives for a better work-life balance, communication via the company intranet, corporate events, corporate welfare and climate surveys;
- Trade unions and trade associations: meetings for the presentation of business plans, joint examinations or meetings for the stipulation of agreements;
- Media: active communication through the press, web and social networks.

More specifically, with regard to employees, the SIT group has historically prioritized and paid great attention to the interests, rights and opinions of its people, considering its workforce a fundamental resource in defining the corporate strategy and business model. The Company periodically conducts climate surveys and opportunities for employee involvement with a view to continuous improvement, as described in more detail in paragraph S1-2 dedicated to the processes of involvement of its employees. The results of the surveys and the various involvement actions are shared with the company management and the information collected contributes to outlining the Group's strategy in order not only to mitigate possible negative impacts, but to identify opportunities for improvement. A key element for SIT is in fact proactive listening, working together with its workforce, integrating their opinions and needs, to build a path made up of opportunities for growth, trust and governance of individual and social complexities with a view to inclusion and enhancement of the qualities of individuals and merit.

In addition, with regard to workers in the value chain, the SIT group promotes the growth of a network of suppliers who are increasingly attentive to respect for human rights, environmental protection and the creation of inclusive and safe working conditions. Through an approach based on strategic collaboration, it encourages the continuous improvement of the performance of its partners and their involvement in product innovation processes. To ensure maximum safety and quality, the Company involves suppliers from the early stages of project development, adopting a preventive and proactive

approach, including through ESG assessment with EcoVadis and on-site audits. This allows potential critical issues to be identified at an early stage, maintain an active dialogue and implement effective solutions as needed, strengthening the value of the partnership along the entire supply chain.

Finally, the SIT Group is aware of the role that the interests, opinions and satisfaction of consumers and end users acquire in the definition of its strategy and business model. To this end, the company actively listens to and involves its customers, through the methods listed above that allow monitoring of customer satisfaction and therefore to intercept the needs and expectations of the market. In this context, the involvement of end users takes place indirectly through the customers of the SIT group, who know their needs and points of view.

During the materiality assessment process, SIT identified the following key areas of stakeholder interest:

- Environmental sustainability: reduction of CO₂ emissions, efficient management of resources and implementation of projects for the use of renewable sources;
- Innovation: development of new technologies for energy efficiency and the management of user consumption data in the Metering area;
- Inclusion and organizational well-being: enhancement of diversity, gender equality, corporate welfare and improvement of working conditions;
- Transparent governance: anti-corruption policies, whistleblowing and ethical management of the supply chain.

SIT's administrative, management and supervisory bodies receive constant updates on the interests and opinions of stakeholders.

To this end, various tools are used, including periodic ESG reports, which make it possible to analyze the results of sustainability initiatives and the main performance indicators. In addition, through governance meetings, sustainability topics and the impacts of company policies are discussed. Finally, the integration of sustainability into strategic decisions allows for a continuous review of company policies, adapting them to the needs expressed by stakeholders.

[SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The following is a summary table of the material impacts, risks and opportunities identified by the Company through the Double Materiality analysis described in paragraph IRO-1 of this document. In addition, the indication of the type of impact, the time horizon and the location of the IRO in the value chain is included. Finally, where appropriate, the current financial effects of material risks and opportunities on the Group's financial position, results of operations and cash flows are disclosed.

ESRS	IRO	DESCRIPTION	TYPE OF IMPACT	TIME HORIZON	VALUE CHAIN	CURRENT FINANCIAL EFFECT	RELATED POLICIES
TOPIC							
E1 - Climate Change	IMPACT	Contribution to international decarbonization targets in the energy transition process of the heating sector, through the development of enabling products, on the various fronts of the use of alternative fuels (hydrogen and biogas), of low energy consumption and non-combustion equipment.	Positive Actual	Short	Downstream	N/A	Environmental Sustainability Policy Code of Conduct Code of Ethics for suppliers and third-party intermediaries
	IMPACT	Contribution to climate change through the generation of direct and indirect greenhouse gas emissions generated by the activities carried out in the Group's plants and along the value chain.	Negative Actual	Short	Cross	N/A	
	RISK	Risks related to the reduction of GHG emissions: The management of direct and indirect emissions by the SIT group may involve operational and financial risks. The need to reduce GHG emissions according to international standards and the European community and requested by some stakeholders may require additional investments in green technologies, sustainable solutions and the search for new suppliers, which could entail higher costs.	N/A	Short; Medium	Cross	As defined in the Sustainability Plan, SIT S.p.A. has completed the photovoltaic system project at the Padua site for 860 thousand euros	
	OPPORTUNITY	Supporting the transition to low-carbon technologies: SIT is investing in products that contribute to the reduction of greenhouse gas emissions and the transition to a low-carbon economy. SIT's technological innovations offer the opportunity to monitor and reduce gas and electricity consumption, use alternative fuels to fossil fuels and develop solutions for the electrification of domestic heating appliances. This commitment of SIT confirms its role as a reference partner for customers and the main stakeholders in the sector and represents an opportunity for growth and development for the Group.	N/A	Short; Medium; Long	Core; Downstream	The Group has invested €5.5 million in the development of products consistent with its roadmap towards low-emission technologies	
	IMPACT	Energy consumption from non-renewable sources in its operations but also in the value chain contributes to the depletion of energy reserves and the emission of climate-changing gases.	Negative Actual	Short	Cross	N/A	
E2 - Pollution	IMPACT	Emissions of NOx, SOx and other pollutants from production activities, although contained and monitored, contribute to air pollution.	Negative Actual	Short	Cross	N/A	Environmental Sustainability Policy
	IMPACT	Accidental spills or leaks resulting from industrial processes can cause	Negative Actual	Short	Cross	N/A	

		environmental damage such as the dispersion of pollutants and toxic substances into the soil.					Code of Conduct
	RISK	<u>Impacts deriving from land reclamation obligations</u> There is an operational, financial and reputational risk deriving from the ongoing reclamation of the spillage into the ground, which took place in the 80s, of polluting material that was not properly contained at the time.	N/A	Short	Downstream	A specific provision for risks of Euro 1,144 thousand is recorded in the Consolidated Financial Statements	Code of Ethics for suppliers and third-party intermediaries Health and Safety Policy
E3 - Water and marine resources	IMPACT	With the Water Metering business, SIT contributes to better management of water resources, limiting withdrawals and waste	Positive Actual	Short	Downstream	N/A	Environmental Sustainability Policy
	IMPACT	Reduction in the availability of water resources due to water withdrawal by the Group and the players in its value chain, especially in water-stressed areas	Negative Actual	Short	Cross	N/A	
	OPPORTUNITY	<u>Water Metering Development</u> SIT group's focus on developing innovative technology applications for water meters, including smart ultrasonic meters, provides an opportunity to expand its market presence and differentiate itself from the competition. This technological evolution can help optimize water consumption and promote sustainable business models.	N/A	Medium	Core; Downstream	The Group invested 840 thousand euros in 2024 in the development of Smart Water Metering	
E5 - Circular Economy	IMPACT	The use of non-renewable raw materials and semi-finished products for production can contribute to the depletion of natural resources.	Negative Actual	Short	Upstream	N/A	Environmental Sustainability Policy
	IMPACT	Recovery of waste and residues deriving from production processes (e.g. aluminum, brass, copper scraps, etc.) through their internal reuse or recovery, with a decrease in the pressure on virgin raw materials.	Positive Actual	Short	Cross	N/A	Code of Conduct Code of Ethics for suppliers and third-party intermediaries
S1 - Own workforce	IMPACT	The rationalization of personnel costs in the current market context in which the Company operates can affect the organizational climate and fuel a sense of insecurity among employees	Negative Actual	Short	Core	N/A	Code of Conduct Human Rights Policy
	RISK	Risk linked to the worsening of the organizational climate: The need to rationalize personnel costs to meet economic challenges, including those posed by geopolitical events, could expose the Group to the risk of a deterioration in the corporate climate, with negative effects on employee engagement, motivation and productivity. Job uncertainty could also increase the rate of voluntary turnover, leading to the loss of key skills, also compromising the attraction of new professional figures.	N/A	Short	Core	No specific financial impacts were identified	
	IMPACT	The current negative market situation also affects the relationship between companies, workers and trade unions in	Negative Potential	Short	Core	N/A	Code of Conduct

		the management of social dialogue and collective bargaining.					Human Rights Policy
	IMPACT	Improvement of the engagement, motivation and well-being of its employees with initiatives to support the work-life balance such as flexibility measures at work, parent ability, psychological help desk and practical support for time management.	Positive Actual	Short	Core	N/A	Code of Conduct Human Rights Policy Diversity and Inclusion Policy Parental Policy
	IMPACT	The occurrence of accidents or other incidents in the workplace may have negative consequences for the health of the Group's workers.	Negative Actual	Short	Core	N/A	Code of Conduct
	RISK	Inadequate management of safety at work: Inadequate management of safety at work in the Group's plants could increase the risk of accidents and injuries. Such events could expose the SIT group to operational interruptions with possible reputational and economic-financial consequences.	N/A	Short	Core	No specific financial impacts were identified	Human Rights Policy Health and Safety Policy
	IMPACT	Respect for gender equality improves employee engagement, enhances diversity and inclusion contributing to a positive corporate culture.	Positive Actual	Short	Core	N/A	Code of Conduct Human Rights Policy
	IMPACT	There is a gender pay gap linked to historical and contextual reasons.	Negative Actual	Short	Core	N/A	Diversity and Inclusion Policy Training Policy Hiring Policy
	RISK	<u>Risk related to the Gender Pay Gap</u> The wage gap between men and women can compromise the attractiveness of SIT on the labour market and the corporate climate. Gap reduction policies could expose the company to an increase in labour costs.	N/A	Medium	Core	No specific financial impacts were identified	Parental Policy Salary Review Policy
	IMPACT	Development of employees' professional skills through continuous training programs, which include technical, general and personalized paths, promote the personal and professional growth of employees.	Positive Actual	Short	Core	N/A	Code of Conduct
	RISK	Risk of dependence on key resources and absence of succession planning: The concentration of critical know-how on a small number of figures, combined with the absence of a structured succession plan, exposes the Group to operational and strategic vulnerabilities. In the event of a sudden exit of these key assets, the company could face a loss of know-how, which would negatively impact operations. The absence of a structured succession process for skills could slow down the growth of internal staff and generate inefficiencies and costs related to the need to find external resources.	N/A	Short; Long	Core	No specific financial impacts were identified	Human Rights Policy Diversity and Inclusion Policy Training Policy Hiring Policy
	IMPACT	Despite the presence of measures against violence and harassment at the Group's offices, discriminatory behavior and	Negative Potential	Medium	Core	N/A	Code of Conduct

		gender stereotypes may occur, which do not depend on the company's culture but on individual attitudes.					Human Rights Policy Diversity and Inclusion Policy
	IMPACT	Enriching the corporate culture, stimulating innovation and improving reputation thanks to an inclusive business environment, characterized by employees of different genders, ages and cultures.	Positive Potential	Medium	Core	N/A	Code of Conduct Human Rights Policy Diversity and Inclusion Policy Training Policy Hiring Policy
	IMPACT	Any case of employment of child labour, even indirectly through temporary workers, would represent a violation of human rights, compromising the health and development of the children involved.	Negative Potential	Medium	Core	N/A	Code of Conduct Human Rights Policy
	IMPACT	Any cases of forced or compulsory labour, even indirectly through temporary workers, would constitute a violation of human rights, forcing workers to perform services against their will.	Negative Potential	Medium	Core	N/A	Code of Conduct Human Rights Policy
	IMPACT	Inadequate handling or unauthorized use of employee data can lead to incidents of violations of employee privacy.	Negative Actual	Short	Core	N/A	Code of Conduct Human Rights Policy Hiring Policy Privacy Policy
S2 - Workers in the value chain	IMPACT	Subcontractors or Suppliers who have SIT as their only customer, in the event of a sharp decrease in volumes, could find themselves in the position of drastically reducing the activity with a consequent impact on the employment of their workers.	Negative Potential	Medium	Upstream	N/A	Code of Conduct
	RISK	Labour law risks arising from relationships with subcontractors The relationship with subcontractor suppliers who have SIT as their main customer exposes the Group to labour law risks. In the event of a significant reduction in production volumes, these suppliers could find themselves forced to cease operations, generating potential legal disputes against SIT, for alleged joint liability or economic subordination. This scenario could also have a reputational impact for SIT, as well as negatively affecting certain processes within the supply chain.	N/A	Short	Upstream	No specific financial impacts were identified	Human Rights Policy Code of Ethics for Suppliers and Third-Party Intermediaries
	IMPACT	Accidents or other incidents in the workplace in the value chain, with negative consequences for the health of workers and company collaborators.	Negative Actual	Short	Upstream	N/A	Code of Conduct

	RISK	Inadequate management of occupational safety by suppliers of the SIT group could increase the risk of accidents and injuries within the value chain. Such events, if they occur at single-supplier companies, could expose the SIT group to disruptions in the supply chain, compromising business continuity.	N/A	Medium	Upstream	No specific financial impacts were identified	Health and Safety Policy Human Rights Policy Code of Ethics for Suppliers and Third-Party Intermediaries
	IMPACT	The potential employment of children in any actor in the value chain represents a violation of human rights, compromising the health and development of the children involved.	Negative Potential	Medium	Upstream	N/A	Code of Conduct Human Rights Policy
	IMPACT	The potential imposition of forced labour by some actors in the value chain represents a violation of human rights, forcing workers to perform services against their will.	Negative Potential	Medium	Upstream	N/A	Code of Ethics for Suppliers and Third-Party Intermediaries
S4 - Consumers and end-users	IMPACT	Guarantee the quality and reliability of the consumption information transmitted by connected products, according to high standards in line with regulations and market needs.	Positive Actual	Short	Downstream	N/A	Code of Conduct Quality Policy Environmental Sustainability Policy Human Rights Policy
	RISK	Risks related to the rate of innovation The emergence of technological innovations, especially in information communication protocols, in the market for metering systems for water and gas may reduce the competitiveness of SIT products. The necessary technological adaptation may involve changes along the value chain and require investment in the development of new products.	N/A	Medium	Core	The Group invested 838 thousand euros in 2024 in the development of interface features dedicated to the end user	
	OPPORTUNITY	Expansion and innovation through the development of Smart Meters The development of smart, usable meters, capable of providing accurate, high-quality and reliable information on gas and water consumption, represents a strategic opportunity to expand its presence on the market and strengthen the company's competitiveness. This innovation allows not only to improve the range of existing products and services, but also to enter new markets and sectors, creating possibilities for strategic alliances and partnerships. Such developments can foster sustainable growth, improve long-term profitability.	N/A	Medium	Core	The Group invested 1,169 thousand euros in 2024 (of which 840 thousand also included in the opportunity in E3 Development of Water Metering) for the development of smart features.	
	IMPACT	SIT products are safety elements of the equipment in which they are installed and as such are subject to a prevention and quality control system in line with technical and market standards.	Negative Potential	Medium	Downstream	N/A	
	RISK	Product quality risk: Potential undetected or poorly managed quality defects could lead to malfunctions in the final products with a possible impact on user safety, exposing the company to legal risks, claims and reputational damage. In	N/A	Short	Cross	No specific financial impacts were identified	

		addition, such incidents could result in products being withdrawn from the market, damaging customer confidence and hindering future business opportunities.					
G1- Business conduct	IMPACT	Generation of a positive work environment through a corporate culture based on principles of ethics and integrity, supported and concretely applied by corporate governance.	Positive Actual	Short	Core	N/A	Code of Conduct Anti-Corruption Policy Antitrust Policy Organization Model 231
	IMPACT	Promotion of educational projects for young people through sport and enhancement of culture, freedom of expression, and aspects such as inclusion, diversity, disability, also through the activities carried out through the SIT Foundation.	Positive Actual	Short	Cross	N/A	
	RISK	Risks of effective adaptation related to the evolution of the sector Increasing regulatory pressure and stakeholder demands expose the Group to greater challenges in adequately responding to sustainability expectations. These challenges concern organizational culture, product innovation and the ability to respond to new disclosure and compliance needs.	N/A	Short; Medium	Core; Downstream	No specific financial impacts were identified	
	IMPACT	Failure to comply with whistleblower protection laws and regulations can disincentivize reporting and generate a sense of mistrust.	Negative Potential	Short	Cross	N/A	Code of Conduct Whistleblowing Policy
	IMPACT	Failure to monitor suppliers with respect to ethical, environmental and safety practices increases the likelihood of negative consequences for the environment and the social well-being of stakeholders.	Negative Potential	Medium	Upstream	N/A	Code of Conduct Health and Safety Policy
	RISK	Supply chain disruption risk: Vulnerabilities along the supply chain can compromise business continuity and the smooth running of business. Any single supply or dependence on a limited number of suppliers in certain product categories increases the risk of interruptions in the short term. Furthermore, since the supply chain is international, logistical problems also deriving from geopolitical exogenous factors can affect operational management.	N/A	Short	Upstream	No specific financial impacts were identified	
	IMPACT	SIT adopts ethical business conduct through the adoption of an anti-corruption policy, specific training on the subject and a zero-tolerance approach to episodes of corruption, allowing it to identify illegal conduct and ensure transparency in corporate decisions.	Positive Actual	Short	Core	N/A	Code of Conduct Anti corruption Policy Organizational Model 231

How the company has managed the physical IROs are illustrated in the thematic chapter of reference, to which reference is made for detailed information. In the next update of the Sustainability Plan, the Group will further integrate the impacts, risks and opportunities that emerged from the double materiality analysis in the definition of new targets.

The Group submitted its business plan (PAM 2025-2029) approved by the Board of Directors on 21 March 2025, to an Independent Business Review (IBR) carried out by an independent expert consultant who highlighted the reasonable feasibility of the Group's strategy contained in the Plan. The IBR subjected the main assumptions of the Strategic Plan and market scenarios to different quantitative sensitivities aimed at verifying the resilience of the strategy outlined. The analysis, both quantitative and qualitative, also covered the analysis of the regulatory and market context and trends, with particular attention to the new European regulations in the ESG field and market changes, which allowed it to identify the main risk factors and opportunities. See chapter 2.1. ESRS E1 Climate change and in paragraph IRO-1 for further details related to the resilience analysis of the strategy in relation to climate change.

Furthermore, it should be noted that the SIT group has not identified so-called entity specific IROs, i.e. IROs that are not related to ESRS issues.

[IRO-1] DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The Double Materiality Analysis process was developed during 2024, based on the requirements of the European Sustainability Reporting Standards and EFRAG guidelines, and allowed SIT to identify material impacts, risks and opportunities (IROs) referring to the entire Group.

The steps to carry out the analysis were as follows:

- Context Analysis
- Identification of impacts, risks and opportunities
- Materiality assessment
- Validation of material impacts, risks and opportunities

At every stage of the process, the competent corporate functions and the Management Committee of each Business Unit were involved, in order to ensure the greatest possible degree of completeness of the analysis.

The double materiality analysis was approved by the Board of Directors on 7 March 2025 following the favourable opinion of the Control, Risk and Sustainability Committee on 4 March 2025.

CONTEXT ANALYSIS

The internal and external context of SIT was analysed by top management and Business Unit representatives, taking into consideration input elements such as corporate strategy, business, value chain, stakeholder and governance bodies demands. The analysis contributed to highlight sustainability issues arising from SIT's activities and its relationship with actors in the value chain and, where present, the ways in which they are managed.

IDENTIFICATION OF IMPACTS, RISKS AND OPPORTUNITIES

In this phase, the SIT group, after analysing its context, undertook an in-depth analysis to identify the impacts, risks and opportunities, both current and potential, related to the so-called sustainability issues. These include environmental, social and governance aspects, both within its own operations and along the value chain, considering both upstream and downstream implications.

The process of identification and evaluation was divided into the two dimensions of double materiality, impact and financial.

With regard to impact materiality, the SIT group has adopted a structured approach to the identification of impacts starting from the official list of sustainability issues reported in the Application Requirement (RA) 16 of ESRs 1, which identifies topics, sub-topics and sub-sub-topics of relevance to the CSRD. This phase also took into account the materiality analysis work carried out in previous years according to the GRI standard, with which the Company had involved stakeholders, and the updated benchmark analysis.

The identification of the impacts also took into account those generated in its value chain deriving from its own operations or from its suppliers and customers, upstream and downstream, with whom the SIT group maintains commercial relationships. In carrying out this process, no specific activities, business relationships, geographies or other factors were detected that pose an increased risk of adverse impacts.

The impacts identified were classified into actual or potential impacts and positive or negative impacts.

On the other hand, with regard to financial materiality, which focuses on the analysis of risks and opportunities and their financial effects, the SIT group has developed a completely new process, in compliance with the requirements of the CSRD and aligned with the ERM (Enterprise Risk Management) methodology already applied by the company for the structured and systematic

assessment of corporate risks. The identification of risks and opportunities, starting from elements highlighted in the previous Context Analysis, took as a reference not only the sustainability issues contemplated in RA 16, but also the impacts and dependencies of the Group in order to ensure the completeness of the analysis. These elements have been associated with a list of risks and opportunities developed through the use of the ERM methodology and the general guidelines "Applying enterprise risk management to environmental, social and governance-related risks" developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Each risk and opportunity category was subsequently linked to a financial effect that specifically describes the possible financial impact in the event that the risk or opportunity materializes. The potential impacts, risks and opportunities were assessed over three time horizons: short, medium and long term.

MATERIALITY ASSESSMENT

The assessment phase of the impacts, risks and opportunities identified involves the need to define appropriate assessment scales aligned with the criteria established in ESRS 1.

The impacts were assessed by multiplying a Severity index by the Probability. Severity is made up of Magnitude (Scale), Scope and Irremediability, for impacts identified as negative. Risks and opportunities were assessed using the criteria of Magnitude, i.e. the magnitude of the financial effects associated with the dimension of Revenue, CapEx and OpEx, and the Probability that these financial effects will occur.

An initial assessment was conducted by a small team composed of the Sustainability and CFO functions; the values assigned were then discussed and shared with the Company Departments in special meetings, in particular with the Directors of H&V, Gas Metering and Water Metering and with other Directors including HR Directors and R&D Directors.

The involvement of the identified functions is part of the internal control system to support the verification of the correctness, adequacy and reliability of the assessments expressed for the purpose of identifying the material IROs.

For the definition of the significance of each impact, risk and opportunity, two different materiality thresholds were identified, specific for impact materiality and financial materiality, which made it possible to identify impacts, risks and opportunities with valuation above the threshold value as materials for the SIT group.

VALIDATION OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The outcome of the Double Materiality Analysis process, as well as the methodology itself used, was submitted to the Control, Risk and Sustainability Committee and subsequently validated by the Board of Directors of SIT S.p.A., confirming the impacts, risks and material opportunities identified.

Material IROs are appropriately managed by the SIT group to mitigate negative impacts and risks and to pursue opportunities and positive impacts, by including this management process within the company's ERM system.

CONSIDERATIONS ON SPECIFIC ESRS TOPICS

In compliance with the IRO reporting requirements in ESRS E1, E2, E3, E4, E5 and G1, the following considerations are reported, in addition to what has already been seen in the IRO methodology described above.

E1 - Climate change

SIT is profoundly affected by climate change, therefore the Group's Strategic Plan, which defines the technological roadmap for product development and the materiality analysis, have also been drawn up based on the considerations of the analysis of climate scenarios.

The following risks/opportunities related to climate change, both transition risks, were identified as material in the IRO assessment:

- Risks related to the reduction of GHG emissions (short to medium term)
- Opportunities related to the transition to low-emission technologies (short-medium and long term).

The assessment of the Group's resilience to mitigate and adapt to climate change was developed following an analysis based on climate scenarios that represent possible contexts in which the Group will operate, making it possible to identify and assess the potential business impacts and define the responses and actions necessary to manage these risks and opportunities, also in relation to SIT's positioning in its value chain. These scenarios, both transitional and physical, both quantitative and qualitative, are based on public data and do not exclude any physical or transition risks.

The sources used for the scenario analysis are elaborated on the basis of the public forecasts of the European Commission, the World Energy Outlook of the International Energy Agency (IEA), the U.S. Energy Information Administration (EIA), the International Renewable Energy Agency (IRENA) and the U.N World Urbanization prospects as well as other sources from private and sector research offices.

The scenario analysis was carried out in 2021 over a short, medium and long-term time horizon, and 4 climate scenarios were identified: one in line with existing public policies (Current Policies Scenario +3.0°C), one consistent with declared public policies (Stated Policies Scenario +2.7°C), one consistent with Sustainable Development Scenarios (Sustainable Development Scenario +1.65°C) and finally the Net Zero Emission scenario (+1.5°C).

The scenarios take into account the foreseeable technological evolutions that are required to achieve the decarbonization goals.

For each of the scenarios and for each geography of relevance to the Group, the possible evolutions of the following Group business drivers have been defined, with a particular focus on the Heating & Ventilation division:

- Electrification, understood in terms of energy mix;
- Hydrogen, as a specific element of the energy mix;
- Energy efficiency, referring to the types of appliances that use SIT components;
- Servitization, in terms of impact on SIT's business model;
- Digitalization, in terms of impact on SIT's business model;
- Home automation, as an element of characterization of residential homes.

These drivers, declined in the context of the target applications of the products and services provided by SIT, incorporate the main climate-related transition events (based on the classification of the Task Force on Climate-related Financial Information Communications – TCFD).

For each Heating & Ventilation technology and for the macro categories of applications, specific interactions were carried out with the main customers to share their strategic visions of product development and were related to the various climate scenarios, thus arriving at an indicative estimate of the market size by 2040.

As further considerations regarding SIT's resilience capacity and its ability to manage opportunities, the technological "adjacencies" with respect to the current portfolio of SIT technologies were evaluated and a coherent development and investment plan was therefore launched.

With regard to the Group's Metering divisions, the scenario analysis carried out did not highlight any differentiating elements with respect to the resilience that emerged for Heating & Ventilation.

The result was a product development plan that sees an increasing introduction of components for electric heat pumps, both residential and commercial, forced mechanical ventilation appliances and fans for kitchen hoods and other applications in the HoReCa sector. In relation to the Strategic Plan

of the Heating & Ventilation division, the Group's market trends and related revenues expected by product families currently obtained with fixed capital, both tangible and intangible, currently recorded in the Group's financial statements do not suggest that there are any further impairment losses or financial impacts deriving from the impacts of the climate transition compared to what is already represented in the financial reporting.

With regard to the process of identifying and assessing physical risks, the climate scenario analysis covered the scope of its operations and did not involve upstream or downstream value chain actors. As part of its operations, climate risk assessments consistent with the Climate Risk Classification pursuant to Commission Delegated Regulation (EU) 2021/2139 were used on the basis of risk assessments provided by the source Nathan - Natural Hazards Assessment Network, Munich RE - relating to the main locations of the Group's plants. The physical risks considered are the following: earthquake, volcanic eruption, tsunami, tropical cyclone, extratropical storm, hail, tornado, lightning, river flood, flash flood, storm tide and fire. The climate-related physical hazards listed were considered in the short, medium and long term and the company's activities were examined to determine whether they may be exposed to them.

The analysis showed a scale of risk for each site for the various types of risk and, through a quantitative weighting, the exposure of the Group's fixed capital to the physical risks identified was calculated.

The degree of exposure resulting from the analysis, together with the probability of occurrence and the mitigation actions in place, suggest that there are no material financial impacts.

The Company adopts appropriate emergency management procedures to safeguard business continuity from physical risks. The Company monitors this type of risk through real estate risk assessment and business continuity activities, making use of specialized insurance consulting firms.

In carrying out the assessment of the impacts related to the Climate Change theme, SIT analyzed both the main sources of greenhouse gas emissions deriving from its activities and products and value chain, and the contributions to the decarbonization targets deriving from the development of enabling products.

E2 - Pollution

All SIT group sites operate following the regulations of the countries in which they are located, to safeguard their workforce and the local environment, and therefore adopt the appropriate management and monitoring methods.

The Group considered all company activities as part of the process of identifying material impacts, risks, and opportunities, following the materiality analysis. The SIT group monitors the Group's activities to identify any new impacts, risks, and material opportunities.

In this regard, no consultations with the communities concerned have been necessary at the moment. However, the Company will continue to monitor developments and assess the possible involvement of relevant stakeholders in the future, in line with its management strategies.

E3 – Water and Marine Resources

The process of identifying and assessing the impacts, risks, and opportunities related to the issue of water use has taken into account the fact that many of the Group's sites are located in areas of the world with high water stress, although water consumption in these areas continues to be relatively low. The SIT team mapped water-stressed sites and areas using the World Resource Institute's "Aqueduct" tool to better identify impacts, risks and opportunities.

In addition, in this process, the SIT group has taken into account the possible impacts generated by the Water Meter Business Unit, in terms of positive impacts downstream of the value chain.

In this regard, no consultations with the communities concerned have been necessary at the moment. However, the Company will continue to monitor developments and assess the possible involvement of relevant stakeholders in the future, in line with its management strategies.

The issue of marine resources did not emerge as material during the double materiality analysis.

E4 – Biodiversity and Ecosystems

From the materiality assessment carried out on the topic, including sub-topics and sub-sub-topics of relevance to the CSRD, the biodiversity topic was not materialized either from the point of view of Impact relevance or financial relevance.

An analysis of the Group's sites, conducted using the Natura 2000 and Protected Planet reference tools, confirmed that none of the sites considered is located within biodiversity-sensitive areas.

The Plast Alfin S.a.r.l. plant is located near a protected area, the Sejoumi area, a seasonal salt pan, a very shallow closed basin, a refuge for migratory birds. The activity of the site is not considered to adversely affect this area, leading to the deterioration of natural habitats and habitats of species or disturbance of the species for which the protected area has been designated, either because of the type of activity it carries out or because it is located in a densely populated municipality, within the industrial area planned by the government, which was born as the first or second most important center in all of Tunisia. Therefore, specific biodiversity mitigation measures are not considered necessary.

E5 - Resource use and circular economy

The SIT group has examined the incoming and outgoing material flows to carry out an assessment process relating to the impacts, risks and opportunities associated with the use and type of resources used in its products and components, an element that is already monitored with a view to life cycle analysis in the calculation of carbon footprints. The analysis processes did not reveal material risks and opportunities.

The analysis of IROs was carried out in relation to waste and the main materials used in the production phases generated at the sites and in the activities. The SIT group monitors the Group's sites and activities on the waste and materials used with active processes, in order to identify any new impacts, risks and opportunities.

At the moment, no further consultations with the affected communities have been necessary. However, the Company will continue to monitor developments and assess the possible involvement of relevant stakeholders in the future, in line with its sustainability management strategies.

G1 - Business conduct

In the process of identifying material impacts, risks, and opportunities in relation to business conduct, the SIT group has taken into account several factors, including location, activity, sector, and structure of operations, both with regard to its direct activities and for the entire reference value chain.

Annually, the SIT group undertakes to review the double materiality analysis, to take into account new elements that may emerge.

[IRO-2] DISCLOSURE REQUIREMENTS OF ESRS COVERED BY THE CORPORATE SUSTAINABILITY STATEMENT

The double materiality analysis made it possible to identify the IROs and material sustainability issues and consequently the disclosures and data points to be reported in the Sustainability Statement. The information reported is detailed in the following table.

INFORMATION	DESCRIPTION OF THE DISCLOSURE	SOURCE AND PAGE
GENERAL INFORMATION		
ESRS 2 – General Information	BP-1 – General basis for the preparation of declarations on sustainability	61
	BP-2 - Disclosure in relation to specific circumstances	62-62
	GOV-1 – The role of the administrative, management and Supervisory body	64-66
	GOV 2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	64-66
	GOV-3 – Integration of sustainability related performance in incentive systems	68-68
	GOV-4 – Statement on Due Diligence	70
	GOV-5 – Risk management and internal controls over sustainability reporting	71-71
	SBM-1 – Strategy, Business Model and Value Chain	73-77
	SBM-2 –Interests and views of stakeholders	79-79
	SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model	81-85
	IRO-1 – Description of processes to identify and assess material impacts, risks and opportunities	88-90
	IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	93-99
ENVIRONMENTAL INFORMATION		
ESRS E1 – Climate Change	ESRS 2 GOV-3 -Integration of sustainability related performance in incentive systems	68-68
	E1-1 –Transition Plan for Climate Change Mitigation	110
	ESRS 2 SBM-3 E1– Material impacts, risks and opportunities and their interaction with the strategy and business model	81-85
	ESRS 2 IRO-1 E1 – Description of processes to identify and assess relevant climate-related impacts, risks and opportunities	88-90
	E1-2 – Policies related to climate change mitigation and adaptation	111-111
	E1-3 – Actions and resources in relation to climate change policies	114-116
	E1-4 – Targets related to climate change mitigation and adaptation	117-118
	E1-5 – Energy Consumption and Mix	121
	E1-6 – Gross Scope 1, 2, 3 and total GHG emissions	122-125
	E1-7 - GHG removals and GHG mitigation projects financed through carbon credits	125
	E1-8 – Internal carbon pricing	125
ESRS E2 – Pollution	ESRS 2 IRO-1 E2 – Description of processes for identifying and assessing material pollution-related impacts, risks and opportunities	88-90
	E2-1 – Policies related to Pollution	128
	E2-2 –Actions and resources related to Pollution	129-128
	E2-3 – Targets related to Pollution	130
	E2-4 – Pollution of air, water and soil	130
ESRS E3 – Water and Marine Resources	ESRS 2 IRO-1 E3 — Description of processes for identifying and assessing material impacts, risks and opportunities related to water and marine resources	88-90
	E3-1 – Policies related to water and marine resources	132
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	E3-3 – Targets related to Water and Marine Resources	134
	E3-4 – Water Consumption	135-133
ESRS E4 - Biodiversity and Ecosystems	ESRS 2 IRO-1 — Description of processes to identify and assess material impacts, risks and opportunities related to biodiversity and ecosystems	88-90
	ESRS 2 IRO-1 E5 – Description of processes to identify and assess material impacts, risks and opportunities related to resource use and the circular economy	88-90
	E5-1 – Policies related to the use of resources and the circular economy	136
	E5-2 – Actions and resources related to resource use and the circular economy	137-137
	E5-3 – Targets related to the use of resources and the circular economy	140-139
	E5-4 –Resource inflows	141-140
	E5-5 –Resource outflows	143-142
SOCIAL INFORMATION		
	ESRS 2 SBM-2 S1 – Interests and views of stakeholders	79-79
	ESRS 2 SBM-3 S1– Material impacts, risks and opportunities and their interaction with the strategy and business model	145-146
	S1-1 – Policies related to own workforce	149-153
	S1-2 – Processes for engaging with own workers and workers' representatives about impacts	156-155
	S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	158
	S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	159-166
	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	169
	S1-6 – Characteristics of the undertaking's employees	170-169
	S1-8– Collective bargaining coverage and social dialogue	172
	S1-9– Diversity Metrics	173
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	S1-14– Health and Safety Metrics	174
	S1-16– Compensation metrics (pay gap and total compensation)	175
	S1-17 – Incidents, complaints and severe human rights impacts	176
	ESRS 2 SBM-2 S2 – Interests and views of stakeholders	79-79
	ESRS 2 SBM-3 S2 - Material impacts, risks and opportunities and their interaction with the strategy and business model	177--177
	S2-1 – Policies related to value chain workers	180
	S2-2 – Processes for engaging with value chain workers about impacts	181
	S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns	182
	S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	183-183
	S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	186
	ESRS 2 SBM-2 S4 – Interests and views of stakeholders	79-79
	ESRS 2 SBM-3 S4– Material impacts, risks and opportunities and their interaction with the strategy and business model	187-187
	S4-1– Policies related to consumers and end-users	190
	S4-2 – Processes for engaging with consumers and end-users about impacts	191
	S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	192
	S4-4– Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	193-193
	S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	194

GOVERNANCE INFORMATION		
ESRS G1 – Business conduct	ESRS 2 GOV-1 G1 – The role of administrative, management and supervisory bodies	64-66
	ESRS 2 IRO-1 G1– Description of the processes to identify and assess material impacts, risks and opportunities	88-90
	G1-1 – Corporate culture and Business conduct policies and corporate culture	197-199
	G1-2 – Management of relationships with suppliers	202-201
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	G1-6 – Payment Practices	205

INFORMATION FROM OTHER EU LEGISLATION OR GENERALLY ACCEPTED SUSTAINABILITY REPORTING STANDARDS AND FRAMEWORKS, INCLUDED IN THE SUSTAINABILITY STATEMENT

Disclosure Requirement and related datapoint	SFDR ⁽¹⁾ reference	Pillar 3 ⁽²⁾ reference	Benchmark Regulation ⁽³⁾ reference	EU Climate Law ⁽⁴⁾ reference	Page and/or N.O.
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 ⁽⁵⁾ , Annex II		64
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		64
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				70
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ⁽⁶⁾ Table 1: Qualitative information on Environmental risk and	Delegated Regulation (EU) 2020/1816, Annex II		Not material

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) ([OJ L 317, 9.12.2019, p. 1](#))

² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”) ([OJ L 176, 27.6.2013, p. 1](#))

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 ([OJ L 171, 29.6.2016, p. 1](#)).

⁴ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) ([OJ L 243, 9.7.2021, p. 1](#)).

⁵ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published ([OJ L 406, 3.12.2020, p. 1](#)).

⁶ Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks ([OJ L 324, 19.12.2022, p. 1](#)).

		Table 2: Qualitative information on Social risk			
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 ⁽⁷⁾ , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	110
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		110
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		118-118
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				121
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				121
ESRS E1-5	Indicator number 6 Table #1 of Annex 1				121

⁷ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks ([OJ L 406, 3.12.2020, p. 17](#))

Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43					
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		120-125
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		125
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		N.A.
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			N.A.
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			N.A.
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		N.A.
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register)	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				130

emitted to air, water and soil, paragraph 28					
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				132
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				132
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				143-142
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				143-142
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				145

ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				145
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				149- 148
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		149- 153
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				149- 148
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				152- 153
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				158
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		174
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				N.A.
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		175
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				175
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				174
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		176

Guidelines paragraph 104 (a)			Delegated Regulation (EU) 2020/1818 Art 12 (1)		
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				177-177
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				180
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				180
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		180
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		180
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				183-183
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				N.A.
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N.A.
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				N.A.
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				190
ESRS S4-1	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/18		190

Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17			16, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				193
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				197-199
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ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		205
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				205

2. ENVIRONMENTAL INFORMATION

Taxonomy Regulation– Disclosure pursuant to Article 8 of Regulation (EU) 2022/852

LEGAL CONTEXT

The **European Taxonomy** (EU Regulation 2020/852, hereinafter also referred to as the "Taxonomy Regulation") defines six objectives for identifying environmentally sustainable economic activities:

1. **climate change mitigation**
2. **climate change adaptation**
3. **sustainable use and protection of water and marine resources**
4. **transition to a circular economy**
5. **pollution prevention and control**
6. **protection and restoration of biodiversity and ecosystems.**

Under the Taxonomy Regulation, an economic activity is defined as environmentally sustainable if:

- it substantially contributes to the achievement of one or more of the six environmental objectives mentioned above;
- it does not cause significant harm to any of the environmental objectives (Do No Significant Harm - DNSH);
- it is carried out in compliance with minimum social safeguards (in line with the OECD Guidelines and the UN/ILO Guiding Principles on Business and Human Rights);
- it complies with the technical screening criteria adopted by the European Commission for each objective.

CONTEXT OF REFERENCE

The SIT group is committed to contributing to the framework outlined by the European Union through its activities, characterized by a strong orientation toward research, innovation, and sustainability. In line with the decarbonization targets set by the EU, SIT pursues research and innovation in products that enable its customers to develop energy-efficient heating applications with reduced CO₂ emissions, powered by electricity or alternative fuels to natural gas. By designing and introducing advanced technological solutions, through its products, SIT therefore contributes to reducing the energy consumption of end products, thus supporting efforts to meet the European Union's greenhouse gas emission reduction targets.

In addition, the Group, through the Metering BU, pursues the development of smart products also through the introduction of new technologies for measuring consumption, both of gas and water resources, which allow network operators and end users to be aware of their consumption, with a positive impact on the reduction of waste and therefore favoring energy efficiency and water saving, respectively.

ANALYSIS METHODOLOGY

Then SIT group has identified some of its economic activities as "**eligible**" and therefore described in the delegated acts on climate (EU Delegated Regulation 2021/2139) and on the environment (EU Delegated Regulation 2023/2486). The assessment of the eligibility of SIT's economic activities was conducted according to the best interpretation and understanding, also in the light of the FAQs that emerged in the years following the first assessments of the SIT group.

The Group is divided into three Business Units (BUs):

- The Heating & Ventilation BU manufactures and sells components that are incorporated into products that can contribute to the energy efficiency of buildings, such as products for condensing boilers and hybrid appliances, heat recovery units, components for heat pumps, room thermostats, electronics for intelligent control of fireplaces and finally fans for hoods; other SIT products are important components for the production of other low-carbon technologies, such as appliances for the use of hydrogen, thermally driven heat pumps and systems for the use of biomethane and pellet stoves. Using the components purchased from SIT, customers can optimize the energy performance of the products, improving the energy efficiency of buildings, reducing their energy consumption and greenhouse gas emissions.
- The Smart Gas Metering BU deals with the development, production and distribution of new generation gas meters. These advanced devices enable real time precise measurement of gas consumption and automatic transmission of data to energy suppliers, eliminating the need for manual reading and enabling more efficient control of the energy performance of buildings. In summary, smart meters can contribute to the reduction of energy waste and GHG emissions, promoting responsible management of gas consumption.
- The Water Metering BU, on the other hand, operates in the residential water meter sector and in particular develops and produces innovative technological solutions for an increasingly accurate and reliable measurement of consumption.

For the purposes of the analysis of the "eligible" activities, based on the in-depth studies carried out and the interpretation of the reference legislation and the clarifications provided by the European Commission, SIT adopted a prudential approach, and only the following activities indicated in the delegated act on the environment were considered eligible:

- 1.1 Manufacture and installation (and related services) of leak control technologies that help reduce and prevent leaks in water supply systems
- 4.1 Provision of IT/OT (information technology/operational technology) data-driven solutions for loss reduction.

COMMISSION DELEGATED REGULATION (EU) 2023/2486 of 27 June 2023 (Annex I)			
SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES			
ART	ACTIVITY DEFINED AS PER EU TAXONOMY	ACTIVITIES OF THE SIT GROUP	ELIGIBILITY KPIS
1.1	MANUFACTURE, INSTALLATION AND ASSOCIATED SERVICES FOR LEAKAGE CONTROL TECHNOLOGIES ENABLING LEAKAGE REDUCTION AND PREVENTION IN WATER SUPPLY SYSTEMS	DEVELOPMENT, PRODUCTION AND SALES OF: • RESIDENTIAL, COMMERCIAL AND INDUSTRIAL WATER METERS	REVENUES CAPEX OPEX
4.1	PROVIDING IT/OT (INFORMATION TECHNOLOGY/OPERATIONAL TECHNOLOGY) DATA-DRIVEN SOLUTIONS FOR LOSS REDUCTION	DEVELOPMENT, PRODUCTION AND SALES OF: • SMART WATER METERS WITH DATA CONNECTION	

With particular reference to the investments and operating costs incurred by the Group in the reporting year, those attributable to the following economic activities have been identified:

- 4.1 Electricity generation through the use of solar/photovoltaic systems, described in the Climate Delegated Act

- 1.1 Manufacture and installation (and related services) of leak control technologies to reduce and prevent leaks in water supply systems, as described in the Delegated Act on the Environment
- 4.1 Provision of IT/OT (information technology/operational technology) data-driven solutions for loss reduction, as described in the Environment Delegated Act

COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021 (Annex I and Annex II)			
CLIMATE CHANGE MITIGATION CLIMATE CHANGE ADAPTATION			
ART	ACTIVITY DEFINED AS PER EU TAXONOMY	ACTIVITIES OF THE SIT GROUP	ELIGIBILITY KPIS
4.1	ELECTRICITY GENERATION THROUGH THE USE OF SOLAR/PHOTOVOLTAIC SYSTEMS	INVESTMENTS AND COSTS INCURRED FOR THE CONSTRUCTION OF: ▪ PHOTOVOLTAIC SYSTEMS (ROVIGO AND PADUA) ▪ NEW HEADQUARTERS BUILDING - R&D (PADUA)	CAPEX

After the eligibility assessment, the Group **assessed the alignment** of its eligible activities, verifying whether they substantially contribute to at least one of the environmental objectives envisaged by complying with the technical screening criteria, whether they do not cause significant damage to any other environmental objective (DSNH – Do Not Significant Harm) and whether they are carried out in compliance with the minimum safeguards.

The Company has conducted, with the support of internal technical staff, analysis activities aimed at identifying, within the portfolio of assets considered as eligible, those that are actually in line with the technical criteria set out in Taxonomy. From a prudential perspective and based on the best assumptions and interpretations of the EU Delegated Regulations 2021/2139, 2021/2178, 2023/2485 and 2023/2486 that supplemented Regulation 2020/852, available at the time of preparation of this information, and the most recent FAQs published by the European Commission, the Group has decided not to declare the eligible activities identified for the year 2024 as aligned with the Taxonomy. In this context, it should be noted that the data and information presented in this chapter may be subject to future changes, in line with the updating of the reference legislation, or by the emerging of new standards shared in the context of the reference operating sectors.

ANALYSIS OF "ELIGIBLE" ACTIVITIES

Below we present the activities considered as eligible **for the EU ESG Taxonomy** and the assessments of the SIT group on their contribution to the objective related to **the sustainable use and protection of water and marine resources**:

- **Activity 1.1. Manufacture and installation (and related services) of leak control technologies that help reduce and prevent leaks in water supply systems**

The development, production and sale of residential, commercial and industrial water meters allow accurate and real-time monitoring of water consumption, promoting efficient resource management and waste prevention and represent a contribution to the sustainable use and protection of water resources, potentially in line with the technical screening criteria defined by Delegated Regulation (EU) 2023/2486, Annex I. These devices contribute to the reduction of leaks along the network, to raise user awareness, and to the optimization of water resource planning by operators.

In particular, the water meter is an integral part of the control system of the water districts (DMA – District Metered Areas) through which the network is divided into controlled zones to monitor how much water is introduced into each zone and comparing it with the quantity actually supplied to the individual withdrawal points within the same zone. The goal for network operators is to reduce the so-called Non Revenue Water (NRW), and to identify the priority areas on which to intervene with investments for the renewal of infrastructure.

- **Activity 4.1. Delivering IT/OT (information technology/operational technology) data-driven solutions for loss reduction**

The design, production and marketing of smart water meters equipped with data connectivity and devices for enabling connectivity in traditional water meters, contributes to the sustainable use and protection of water resources, potentially in line with the technical screening criteria defined by Delegated Regulation (EU) 2023/2486, Annex I. In fact, the integration of communication technologies into the systems of Metering allows the collection and synchronization of consumption data, making it possible to accurately compare recorded volumes. This makes it possible to promptly detect any leaks in the water network or at end users, even in the presence of minimal or night-time flows, which are often not detected by traditional meters but can be indicative of hidden leaks. Added to this is the possibility of offering a proactive service, through targeted notifications that signal the possible presence of leaks and the need for corrective action. This approach makes it possible to reduce water waste, improve efficiency in resource management and promote a more conscious use of water.

EU ESG TAXONOMY AND KPI CALCULATION METHODOLOGY

The Taxonomy provides that the Group's eligible and/or aligned taxonomic activities are represented through three key performance indicators:

- Revenues;
- Capital expenditures ("Capex");
- Operating expenses ("Opex").

The verification of the eligibility and alignment of the Group's economic activities was carried out with reference to the objectives of climate change mitigation and the sustainable use and protection of water and marine resources.

Revenues

Definition and reconciliation: The numerator of the KPI corresponds to the eligible revenues according to the criteria provided by the Taxonomy. The denominator of the KPI, on the other hand, corresponds to the total revenues from core sales achieved by the Group in 2024 as recognised in the accounts and represented in the consolidated financial statements prepared in accordance with IFRS.

Capex

Definition and reconciliation: The numerator of the KPI represents the share of capital expenditures (Capex) related to eligible assets, while the denominator includes increases in tangible and intangible assets during the period considered before depreciation, impairment and any revaluation, including those arising from restatements and impairments, for the period in question, and excluding changes in *fair value*. The denominator also includes increases in tangible and intangible assets arising from business combinations. In particular, capital expenditures include costs accounted for in the consolidated financial statements on the basis of: (a) IAS 16 "Property, plant and equipment", point 73 letter e) points (i) and (iii); (b) IAS 38 "Intangible Assets", paragraph 118 letter e) points (i); (c) IAS 40 Investment Property, paragraphs 76 letters a) and b) (for the *fair value* model); (d) IAS 40 Investment Property, point 79 letter d) points (i) and (ii) (for the cost model); (e) IAS 41 "Agriculture", points 50 letters b) and (e); (f) IFRS 16 "Leases", paragraph 53 letter h).

Opex

Definition and reconciliation: The Taxonomy defines the third reporting KPI as the portion of operating expenses associated with aligned activities or a portion of the capital expenditure plan (only the portion of expenses not included in the Capex calculation). According to EU Regulation 2021/2178, operating expenses are considered as the direct non-capitalized costs related to the renovation of buildings, research and development, short-term rental, maintenance and repair. In addition, any other direct expense related to the daily maintenance of buildings, plants and machinery, by the company itself or by third parties to whom these tasks are outsourced, falls within the same perimeter. Research expenses were also identified that were not capitalized, but spent economically. Research and Development expenses not directly attributable to the specific activities were allocated in proportion to the hours worked on the eligible projects compared to the total hours. The eligible maintenance expenses have been estimated on the basis of cost centers and allocated to the various activities in proportion to revenues.

Taxonomy: Activities related to nuclear energy and fossil gases

Nuclear energy activities		Yes/No
1	The company carries out, finances or has exposures towards the research, development, demonstration and construction of innovative plants for the generation of electricity that produce energy from nuclear processes with a minimum amount of waste from the fuel cycle.	No
2	The undertaking shall carry out, finance or have exposures towards the safe construction and operation of new nuclear installations for the generation of electricity or process heat, including for district heating purposes or for industrial processes such as hydrogen production, and improvements to their safety, with the help of the best available technologies.	No
3	The undertaking shall carry out, finance or have exposures to the safe operation of existing nuclear installations that generate electricity or process heat, including for district heating or for industrial processes such as the production of hydrogen from nuclear energy, and improvements to their safety.	No
Fossil gas activities		
4	The company carries out, finances or has exposures to the construction or operation of electricity generation facilities using fossil gaseous fuels.	No
5	The company carries out, finances or has exposures towards the construction, redevelopment and operation of combined heat/cold and electricity generation plants using fossil gaseous fuels.	No
6	The company carries out, finances or has exposures towards the construction, renovation and operation of heat generation plants that produce heat/cold using fossil gaseous fuels.	No

Taxonomy: Share of turnover deriving from products or services associated with taxonomy-aligned economic activities – Disclosure relating to the year 2024

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)													
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)				
Text		Eur, mln	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T				
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1 Environmental sustainable activities (Taxonomy-aligned)																							
Manufacture of renewable energy technologies	CCM3,1	-	0%														9%						
Manufacture of energy efficiency equipment for buildings	CCM3,5	-	0%														19%						
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM7,5	-	0%														18%						
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR1,1	-	0%														8%						
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%														55%	E					
Of which enabling		-	0%														55%		T				
Of which transitional			0%														%						
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																							
				EL/N/EL (f)	EL/N/EL (f)	EL/N/EL (f)	EL/N/EL (f)	EL/N/EL (f)	EL/N/EL (f)														
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR1,1	26.4	9%														%						
Provision of IT/OT data-driven solutions for leakage reduction	WTR4,1	2.6	1%														%						
Manufacture of renewable energy technologies	CCM3,1	-	0%														6%						
Manufacture of energy efficiency equipment for buildings	CCM3,5	-	0%														8%						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		28.9	10%														14%						
A.Turnover of Taxonomy eligible activities (A.1+A.2)		28.9	10%														69%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
Turnover of Taxonomy-non-eligible activities		270.6	90%																				
TOTAL		299.5	100%																				

Taxonomy: Share of capital expenditures arising from products or services associated with taxonomy-aligned economic activities – Disclosure relating to the year 2024

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)				
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)								
Text		Eur, mln	%	Y: N; NEL; (b)(c)	Y: N; NEL; (b)(c)	Y: N; NEL; (b)(c)	Y: N; NEL; (b)(c)	Y: N; NEL; (b)(c)	Y: N; NEL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N					Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1 Environmental sustainable activities (Taxonomy-aligned)																							
Manufacture of renewable energy technologies	CCM3,1	-	0%															10%					
Manufacture of energy efficiency equipment for buildings	CCM3,5	-	0%															16%					
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM7,5	-	0%															6%					
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR1,1	-	0%															7%					
Provision of IT/OT data-driven solutions for leakage reduction	WTR4,1	-	0%															24%					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%															63%					
Of which enabling		-	0%															63%					
Of which transitional			0%															%					
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																							
				EL; NEL (f)	EL; NEL (f)	EL; NEL (f)	EL; NEL (f)	EL; NEL (f)	EL; NEL (f)														
Electricity generation using solar photovoltaic technology	CCM4,1	0.9	5%															%					
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR1,1	0.7	4%															%					
Provision of IT/OT data-driven solutions for leakage reduction	WTR4,1	1.2	7%															%					
Manufacture of energy efficiency equipment for buildings	CCM3,5	-	0%															8%					
Manufacture of renewable energy technologies	CCM3,1	-	0%															5%					
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.7	17%															14%					
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		2.7	17%															76%					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
CapEx of Taxonomy-non-eligible activities		13.7	83%																				
TOTAL		16.5	100%																				

Taxonomy: Share of operating expenses arising from products or services associated with taxonomy-aligned economic activities – Disclosure relating to the year 2024

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)						Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)	Code (a) (2)	OpEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Eur, mln	%	Y/N; NEL: (b)(c)	Y/N; NEL: (b)(c)	Y/N; NEL: (b)(c)	Y/N; NEL: (b)(c)	Y/N; NEL: (b)(c)	Y/N; NEL: (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM3,1	-	0%														4%		
Manufacture of energy efficiency equipment for buildings	CCM3,5	-	0%														22%		
Manufacture of equipment for the production and use of hydrogen	CCM3,2	-	0%														1%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM7,5	-	0%														20%		
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR1,1	-	0%														18%		
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%														64%	E	
Of which enabling		-	0%														64%		T
Of which transitional		-	0%														%		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; NEL (f)	EL; NEL (f)	EL; NEL (f)	EL; NEL (f)	EL; NEL (f)	EL; NEL (f)										
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR1,1	1.3	12%														%		
Provision of IT/OT data-driven solutions for leakage reduction	WTR4,1	0.1	1%														%		
Manufacture of renewable energy technologies	CCM3,1	-	0%														2%		
Manufacture of energy efficiency equipment for buildings	CCM3,5	-	0%														11%		
Manufacture of equipment for the production and use of hydrogen	CCM3,2	-	0%														0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.4	13%														14%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		1.4	13%														78%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		9.0	87%																
TOTAL		10.3	100%																

2.1. ESRS E1 Climate change

[E1-1] TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

The SIT group contributes to mitigating its impact on climate change both by defining its business strategy, in the transition to more efficient and non-fossil fuel powered products, and by promoting actions that involve the entire value chain with a view to monitoring the climate footprint of its products and reducing GHG emissions. The Group is setting further targets as part of a broader plan to align with transition strategies to limit global warming to 1.5 °C, in accordance with the Paris Agreement. The transition plan for SIT will be better defined over the next two years.

The disclosure relating to SBM3 – E1 is reported in chapter 1 - General Information.

[E1-2] POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The SIT group is committed to reducing its impact on climate change both through its business strategy, with the transition to more efficient products and fuelled by non-fossil fuels (mitigation), and within the Environmental Sustainability Policy, promoting actions that involve its own operations and the supply chain with a view to understanding the climate footprint of its products and organisation (quantification) and subsequently reducing GHG emissions (mitigation), including through more efficient management of energy use and the use of renewable energy.

SIT considers its impact on climate change from a life cycle perspective, taking into account not only the direct emissions of its operations but also the indirect emissions upstream and downstream of its boundaries.

The commitment to reducing greenhouse gas emissions starts from SIT's Mission, which defines the development of products for "climate control and consumption measurement for a more sustainable world", and from the Vision in which it proposes itself in the role of "the main sustainable partner for energy and climate control solutions". Mission and Vision are the Company's primary guidelines that allow it to seize the Opportunity to "Support the transition to low-emission technologies", investing in products that contribute to the reduction of greenhouse gas emissions and the transition to a low-carbon economy. SIT's technological innovations offer the opportunity to monitor and reduce gas and electricity consumption, use alternative fuels to fossil fuels and develop solutions for the electrification of domestic heating appliances. This commitment of SIT confirms its role as a reference partner for customers and the main stakeholders in the sector and represents an opportunity for growth and development for the Group.

The importance of GHG emissions management is made explicit in the Environmental Sustainability Policy. The Environmental Sustainability Policy defines the group's strategic priorities for the responsible management of business processes and activities, through the measurement, prevention and mitigation of environmental impacts. The undertaken commitments are aimed at contributing to the achievement of the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement, which inspires the Policy, and are in line with compliance with current legislation and internal guidelines.

The Document was approved by the Board of Directors of SIT S.p.A. on 9 November 2023 and the BU Managers are responsible for its application in the SIT group. Responsibility for revising the Policy is shared by the HSE, Quality and Governance, Risk and Sustainability departments.

The Environmental Sustainability Policy applies to all the companies of the SIT group, as well as to all parties that collaborate and/or act in the name and on behalf of the SIT group, in all the countries in which it operates.

The SIT group promotes the involvement of the entire value chain and, in general, of all the company's stakeholders in its environmental policies, so that they play an active part in achieving SIT's objectives, through compliance with the "Code of Conduct" and the "Code of Ethics for suppliers and third-party intermediaries", described in paragraphs G1-1 and S2-1 respectively, in which the "protection of the environment, natural resources and the fight against climate change" are considered fundamental values and require "compliance with international agreements in force".

Involvement of its employees in its approach to sustainable development is a key factor in achieving the environmental targets that the Group sets itself: for this reason, it promotes initiatives and programs aimed at raising awareness, so that everyone can be an active part of the change and undertakes to ensure

continuous awareness of the principles and values contained in the Environmental Policy, carrying out training activities aimed at promoting knowledge of it, in order to ensure its correct understanding by all its people.

Like internal collaborators, the Group considers it essential to share the culture of sustainability with all stakeholders, such as investors, customers and business partners, suppliers, employees, universities and research centres, trade unions, with whom it collaborates on an ongoing basis also on environmental issues. In compliance with this, the policy is made available to all interested parties through the company's website.

Among the strategic priorities outlined in the Environmental Sustainability Policy that have an impact on climate change mitigation, Sustainable Research, Development and Innovation is highlighted to "design and develop innovative and sustainable products and solutions, while reducing the environmental impact of production activities": this commitment has an effective positive impact on climate change mitigation, in particular on the downstream value chain, providing a "Contribution to the international decarbonisation objectives in the energy transition process of the heating sector, through the development of enabling products, on the various fronts of the use of alternative fuels (hydrogen and biogas), low energy consumption and "non-combustion" equipment and allows the Group to seize the Opportunity to "Support the transition to low-emission technologies".

To mitigate the actual negative impact on "climate change through the generation of direct and indirect greenhouse gas emissions generated by the activities carried out in the Group's plants and along the value chain", the aforementioned policy sets out the strategic priority of "measuring and assessing emissions of greenhouse gases, ozone-depleting substances and other pollutants and defining a carbon management strategy in line with the objectives community communities". The other strategic priorities listed in the policy also contribute indirectly to the reduction of GHG emissions, starting with the "management of energy consumption" and ending with the "culture of sustainability".

For the reduction of its greenhouse effect (GHG) emissions, both direct and indirect, with the aim of contributing to the objectives set by the Paris Climate Agreement, SIT takes as a reference the parameters proposed by the Science Based Targets initiative (SBTi) which suggests the levels of reduction necessary to contain the rise in global temperature to within 1.5°C compared to pre-industrial levels. The policy details the Group's commitments that affect the reduction of emissions in the upstream and downstream Value Chain and in its core activities, including:

1. Monitor, quantify, report direct and indirect GHG emissions in accordance with the highest international reference standards (ISO 14067 for the product carbon footprint and ISO 14064-1 for the organization's carbon footprint) and communicate them in a transparent manner;
2. Promotion of initiatives to reduce direct and indirect emissions from purchased electricity, focusing on a reduction in consumption and the use of energy from renewable sources;
3. Promotion of the reduction of transport-related emissions through an optimization of the supply chain and an evaluation of the distribution model of products and components;
4. Promotion of initiatives to promote sustainable mobility;
5. Involvement of suppliers with the aim of reducing upstream-related emissions;
6. Development of products with a carbon footprint, from cradle to gate, lower than previous products;
7. Development of products that allow customers to reduce their emissions;

8. Monitor, measure and manage energy consumption with a view to improving energy efficiency and reducing waste.
9. Raise awareness among its employees about a conscientious and responsible use of energy resources.

The application of the commitments described makes it possible to mitigate the "Risks related to the reduction of GHG emissions": the management of direct and indirect emissions by the SIT group may entail operational and financial risks. The need to reduce GHG emissions according to international standards and the European community and requested by some stakeholders may require additional investments in green technologies, sustainable solutions and the search for new suppliers, which could entail higher costs.

[E1-3] ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

To contribute to the decarbonization targets set by the European Union and in line with emerging regulations on the subject, the SIT group invests in research and innovation to develop products that allow its customers to create energy-efficient and low-CO₂ emission heating applications: to this choice of "what" to produce, which has an impact on downstream emissions, it goes hand in hand with attention to "how" to produce, with reference to internal processes and the upstream value chain.

In the 'Made To Matter' (or MtM) Sustainability Plan, with a 2027 horizon, the 'Made For Future' section translates the company's commitment defined in the Mission and Environmental Sustainability Policy to promote change in the direction of, among other goals, a reduction in GHG emissions.

The levers identified by the GHG emissions reduction plan are as follows:

- Sustainable Research, Development and Innovation: reduction of emissions in the product life phase;
- Process optimization, as the reduction of energy consumption deriving directly or indirectly from fossil sources;
- Product design and circular economy;
- Sustainable Procurement;
- Sustainable behaviors.

Research, Development and Sustainable Innovation

To reduce greenhouse **gas emissions downstream** of its operations, in particular those deriving from the **use phase of the product**, the SIT group operates with **research, development and innovation** activities and invests in collaborations with customers in the **development of applications** energy efficiency and low CO₂ emissions, through the reduction of consumption and the supply of electricity or alternative fuels to natural gas, in order to serve the energy transition underway, both in the heating sector and in the ventilation and consumption measurement sector.

SIT confirms itself as a strategic partner of its customers by providing the key components for the development of applications with reduced GHG emissions compared to traditional applications, exploiting the following decarbonization levers:

- replacement of fossil fuel, Natural Gas or LPG, with alternative sources with lower emissions: SIT has certified that its products are compatible with alternative fuel sources, such as hydrogen and biomethane in various compositions and can be used in hybrid applications or powered by mixtures of different renewable gas compositions;
- reduction of energy consumption, both gas and electricity, and therefore CO₂ emissions, through solutions for high-efficiency applications, such as the new Flexa Pro combustion control system that allows combustion to be optimized by reducing fuel consumption and the high-efficiency GPE hood fans, which reduce electricity consumption
- diversification of its business towards technologies that contribute to reducing emissions, expanding its offer in sectors such as controlled mechanical ventilation, electric heat pumps and extractor hoods;
- expansion of its offer of smart meters both geographically, outside Italy, and towards applications in the commercial and industrial area.

The Group follows the strategic plan for the development of low-carbon products which includes investments and resources in Research and Development. The Made To Matter plan sets out, for Heating&Ventilation, the growth objectives of the non-Methane product portfolio and the extension of Hydrogen/Biogás applications, with the completion of the development of dedicated products and sensors; for Gas Metering, the development of products for Hydrogen and blends has been completed, the extension of the application to renewable gases is planned as well as the international expansion of the business and the development of a new meter in Ecodesign has been completed. The targets in the Plan horizon are expressed in terms of turnover and progress of R&D projects, which are constantly monitored in the management of the project portfolio.

It should be noted that the actions related to this decarbonization lever are expressed in terms of alignment with the approved Product Development Plan and not in terms of GHG emissions, as the Emissions deriving from the product use phase, category 5.1, are not quantified (see paragraph E1-6 for details), and therefore do not contribute to the reduction of the Inventory values.

Process optimization

Process optimisation, understood as reducing fuel and energy consumption in the Group's operations, is the lever envisaged in the Sustainability Plan to reduce Scope 1 and 2 GHG emissions through a series of energy-related actions that contribute to the target of a 29% reduction compared to 2021. The main lines of action are:

- **Energy efficiency**: optimization of production processes, with a view to continuous improvement, in Rovigo, Mexico and Romania plants: thanks to the implementation of Lean practices, which has now become fully operational in the main plants, an estimated average reduction of 3% per year in the consumption of natural gas and electricity is estimated;
- **Energy Management**: Implementation of a focused monitoring system in the field of Energy Management in the Group's production sites, starting from Rovigo 1, to optimize energy management and identify potential areas for improvement. The project is currently being evaluated: technical analysis for energy monitoring has been initiated.
- **Self-production of Renewable Electricity**: Installation of photovoltaic systems at the Padua Headquarters and at the plants in Rovigo, Romania, Mexico and Tunisia to reduce the impacts related to electricity through the production and self-consumption from renewable source. The Padua photovoltaic plant has been operational since September 2024, while the feasibility study at the Rovigo site has been completed. An assessment is planned for the other sites in the coming years.
- **Guarantees of Origin**: The purchase of electricity with Guarantee of Origin produced from renewable sources is currently operational for MeterSit in Italy. In the H&V BU, the lever is considered to be used afterwards to the energy efficiency actions described above.

Compared to the 2021 base year, 2024 GHG emissions recorded an overall reduction of 31% on Scope 1, and a 4% increase in Scope 2. The increase in Scope 2 emissions is affected by the consumption of the new Headquarters, which is powered entirely by electricity and which in 2024 only benefited from the photovoltaic system from September onwards, while the reduction in production volumes contributes to the reduction in overall emissions, in addition to the actions mentioned above.

Process optimisation also contributes to reducing indirect Scope 3 emissions, particularly those related to freight transport. A number of measures are planned and currently being implemented to reduce these emissions:

- Reduction of warehouses to minimize incoming resources and related emissions and rationalization of supplier transport flows: in 2024 work has been done to reduce the warehouse.
- Definition of an Action Plan and related roadmap for the optimization of intergroup transport flows. The project is ongoing.
- Involvement of transport providers to improve transport traceability. The project will start after the previous actions have been completed.

In order to reduce Scope 3 emissions, in addition to developing products for the decarbonization of the downstream value chain and process optimization, it is necessary to take action on the upstream value chain where emissions are mainly generated: the available levers identified, in addition to the engagement of suppliers with Sustainable Procurement, are Product Design and Circular Economy, and Sustainable Behaviors. The target set in the MtM Plan for this category (-18% compared to 2021) includes emissions from transport and from operations in the upstream value chain. The downstream emissions reduction target is broken down into terms of progress in product development projects, as seen above.

Sustainable Procurement

Over 80% of the emissions in SIT GHG Inventory come from products and services purchased by the Organization meaning the reduction measures require collaboration with the upstream value chain. The SIT group involves strategic suppliers through a dedicated platform whose scorecard measures, among other things, emission related indicators. The project started in 2022 and the share of suppliers participating in the program is in line with the plan. The sustainability rating of partners is the first step towards raising awareness and planning improvement actions.

For more information please refer to chapter 3.2. ESRS S2 Workers in the value chain within this document.

Product design and circular economy

The choices defined in the design largely define the overall environmental impact throughout a product's life cycle, particularly in terms of its impact on climate change and GHG emissions. This is why it is important to implement eco-design principles, paying attention to the indirect impact downstream and upstream of SIT Operations.

To reduce **downstream emissions**, caused by the use of products, we have seen above that SIT uses Innovation and Development to offer products for decarbonization.

Upstream **emissions**, generated in the production of purchased materials and by external processing, at suppliers, are also partly determined by the design choices regarding materials and product configuration. With this in mind, the SIT group adopts a design approach aimed at optimizing materials and reducing environmental impact, which includes some initiatives:

- integrating LCA (Life Cycle Assessment) into product design;
- enhancing Circular Economy logic of products, promoting the percentage of recycled material and maximizing the reuse of residues (described in paragraph E5-2);
- Partnerships with customers and suppliers.

The LCA study summarizes the impacts of a product throughout the life cycle, taking into account not only the effects of Operations within the company boundaries, but also the external phases in the Value Chain. Starting from 2022, the LCA analysis has been introduced in the Product Development Procedure and is systematically calculated for new products, from the early stages of development, in order to choose the best configuration among the technical alternatives also in terms of environmental impact. The assessment, provided for at each progress gate in the Product Development Procedure, is carried out using the "Carbon Foot Print Systematic Approach (CFP SA) – LCA tool" model developed according to the ISO14067:2018 standard (for CFP) and ISO 14040-14044 (for other LCA impacts), and verified annually by a third party on the ISO14067. The CFP SA-LCA Tool allows to provide all interested stakeholders with a certified CFP analysis of SIT's main product lines, Valves, Electronic Boards, Fans and Gas Meters. In 2025, the extension to Water Meters is planned, with third-party verification. By applying the model to products under development, even if it is not possible to have a certified data, design alternatives can be promptly identified that minimize the impact on climate change defined in terms of CO₂ emissions, in a phase of design in which it is still possible to make synergistic choices with the other performance and cost parameters. For example, the new fans introduced to the market have been developed with plastics whose production involves 60% lower CO₂ emissions than the plastics used in previous products.

SIT aims to strengthen Circular Economy principles of products in order to reduce the amount of virgin resources and emissions generated in the extraction, transport and transformation of raw materials, both by expanding the possibility of using recycled materials, and by studying initiatives for the recovery and regeneration of end-of-life products, in order to reduce the energy impacts of recycling activities and the resulting greenhouse gas emissions. For further details, please refer to the chapter 2.4. ESR5 E5 Resource use and circular economy.

The Water Meter production plant in Portugal, currently has a product flow from the market for the repair, regeneration and reuse of brass bodies in new meters that are then returned to the customer, according to a logic that also aims to reduce the energy cost and CO₂ emissions associated with the recovery of the material, avoiding the melting phase.

In the H&V BU, collaborations with customers have been underway since the last months of 2024 to study the introduction of returnable packaging on specific products, in order to reduce the amount of plastic purchased and the related associated emissions.

Such opportunities are often projects driven by commercial partners who have control over the application and visibility and end-of-life stages of the life cycle. Customer specifications are often binding in design choices, while the technologies available from suppliers are decisive for the production of components and semi-finished products. For this reason, SIT proposes itself in the Sustainability Plan to stimulate the process of technical and information exchange with customers and suppliers in order to identify areas for actions to reduce emissions upstream and downstream:

- Upstream, the focus is on choosing recycled materials and low-impact technologies during product development, involving suppliers in identifying the best technical options in terms of performance and impacts;
- Downstream, discussions with key customers aim to identify shared opportunities to reduce impacts, both when defining product specifications, when materials and design are defined, and by proposing collaborations aimed at identifying and promoting recovery and reuse, from packaging to end-of-life products, strengthening partnerships towards shared sustainability.

Sustainable Behaviors

These new dialogue channels require training and awareness by the Company Personell in contact with customers and suppliers: in 2024 a training session dedicated to the company functions in contact with customers (Marketing & Sales) was conducted to explain and stimulate their role in the process of technical-information exchange with customers, also by opening channels of dialogue alternative to the traditional ones. The Purchasing function had already been involved in 2023. This training is better described as Fast Track Training in the chapter 3.1. ESRS S1 Own workforce.

The actions implemented contributed to the 47% reduction of scope 3 GHG emissions registered in 2024, compared to the 2021 base year, largely linked to the reduction in production volumes. It should be noted that the contribution of the individual actions to the scope 1+2+3 reduction targets has not been broken down in detail, as they are to be considered in the set of actions in progress.

Assigned Resources

The most significant financial resources allocated to the mitigation plan for the impact on climate change mitigation are those dedicated to Research and Development (R&D) projects for new products supporting the transition, both within the Heating & Ventilation Business Unit and the Gas Metering Business Unit, as included in SIT's approved strategic plan, as well as those allocated to the photovoltaic project in Padua. The table below breaks these down into CapEx and OpEx for 2024, with the photovoltaic project accounting for EUR 860 thousand of the CapEx.

Future financial resources allocated to R&D projects for new products are consistent with past allocations and represent approximately 3–4% of revenue.

The resources related to the photovoltaic project, amounting to EUR 860 thousand, are included in the Taxonomy KPIs under activity CCM 4.1: electricity generation using solar photovoltaic technology.

Regarding the other levers of the Made to Matter plan, the company's ability to implement actions depends on the availability and allocation of resources. Continuous access to financing at an affordable cost of capital may be crucial for the implementation of the company's actions, which include adjustments to changes in supply and demand or related acquisitions, as well as significant investments in Research & Development (R&D).

Content of the information on resources in relation to climate change policies (in thousands of Euro)

(Euro.000)	
Climate Change Financial Resources	2024
Financial resources allocated to the action plan	6,320

The information in the table is included in the increases in the item "Intangible assets in progress" reported on page 250 of the notes to the 2024 consolidated financial statements, amounting to € €4,473 thousand, and in the increases in the historical cost of tangible fixed assets table on page 258 of the notes to the 2024 consolidated financial statements, amounting to €11,202 thousand.

[E1-4] TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The "Made to Matter" Sustainability Plan, defined by the SIT group in connection with the commitments of the Environmental sustainability policy related to the efficient management of energy resource and the reduction of GHG emissions, identifies a number of measurable targets to contribute to mitigation, to which the actions defined in the previous chapter are associated

Target	Target perimeter	Year and base value	Target / KPI	Target year
Absolute reduction of Scope 1+2 emissions	Group	2021 17,767 ton CO ₂	-29%	2027
Reduction of Scope 3 emissions (core and upstream)	Group	2021 209,417 ton CO ₂	-18%	2027
Decarbonization Product Development Plan (Scope 3 downstream)	Heating & Ventilation, Gas Metering	2021	Alignment in timing and performance with the Milestones of the Corporate Strategic Plan	2027

The base year for the targets is 2021, the first year in which the Greenhouse Gas Inventory has been calculated, verified by a third party, and they apply from 2022 to end in 2027. The targets listed in the table in this paragraph are still ongoing.

The quantitative targets, cover all Scope 1, Scope 2 and Scope 3 emissions included in the Group's GHG Inventory, with a view to contributing to a decarbonisation path for the Group that considers both direct and indirect emissions linked to the value chain. For the targets of Scope 2, the location-based method was taken as a reference.

The targets related to emissions in the downstream phase, to which the Product Development lever contributes, are not directly expressed in GHG emissions but are broken down in terms of product development and business milestones related to the transition, within SIT's Strategic Plan. In defining the actions and investments of the Strategic Plan for the transition, the SIT group has used a scenario analysis, previously described in paragraph IRO-1.

For all the categories included in the GHG Inventory, the SIT group has identified the targets internally, without external validation, taking into account the quantification of emissions and building on the guidelines proposed for the 1.5°C scenario of the Paris Agreement, using the calculation tool made available by the Science programme Science Based Targets Initiative (SBTi), which the Company is considering joining also with a view to collaborating with some customers.

To identify the measurable targets currently present in the Sustainability Plan, the scenarios were indirectly used in the choice of the simulation tool available on the SBTi website: 1.5°C for scope 1+2 and WB2°C for scope 3. The calculation approach is "Absolute Contraction Approach", as there are no sectoral approaches for SIT's business. This approach aims to reduce emissions absolutely, regardless of the trend in volumes and could entail a risk in view of future developments in the Company's structure, in particular with regard to the ability to maintain the commitments on reduction in a context of increasing volumes. The risk has been identified as "GHG emissions reduction risks".

The base year 2021 is representative of the company's current activity except for certain emission categories within scope 3 for Water Metering which have only been calculated from 2024 onwards. The

evolution of the Inventory between 2021 and 2024 is also influenced by external market factors that have led to a reduction in production volumes.

The Made To Matter Sustainability Plan defines the targets for 2027 compared to 2021, based on annual reduction factors of -4.2% on Scope 1 and Scope 2 and -2.5% on Scope 3. The same reduction factors are assumed between 2027 and 2030 to define the 2030 target. No targets are available for the year 2050. Emissions for the year 2024 are in line with the plan's targets, taking into account that the reduction is also influenced by the reduction in production volumes.

It should be noted that the contribution of the individual decarbonisation levers and their quantitative contributions to the achievement of the GHG emission reduction targets has not been broken down in detail. For the identification of decarbonization levers, refer to paragraph E1-3 above.

GHG emission reduction targets in tCO₂e

GHG emissions (tCO₂e)	Base Year (2021)	Year 2024	2027	2030
Scope 1	5,909	4,119	-29%	-38%
Scope 2 location based	11,858	12,316	-29%	-38%
Scope 3*	209,417	111,954	-18%	-23%
Total	227,184	128,389	-18%	-24%

*There are GHG emission reduction targets also for downstream Scope 3, which are broken down in terms of Product Development Milestones within the SIT Plan. In particular, it is worth noting what was shared in the Remuneration Plan: "Achievement of an average of 9% in the period 2023-2025 of "Non-combustion" products on the total turnover of the Heating & Ventilation business unit."

[E1-5] ENERGY CONSUMPTION AND MIX

In 2024, electricity purchased from the grid and consumed accounted for 57.2% of total consumption, while energy from fuel use is divided between natural gas (37.8%) and petroleum products (4.7%). The breakdown is substantially identical to the previous year.

The novelty compared to 2023 was the start-up of the photovoltaic plant at the Padua site, which covered 0.3% of the Group's energy needs. This figure is destined to change in the coming years in view of the targets set to increase the production and self-consumption capacity of electricity from renewable sources through the installation of new photovoltaic systems in other sites of the SIT group.

The following table shows the data relating to the Group's energy consumption.

Energy consumption and mix⁸ (in MWh⁹)

(MWh)		
Energy consumption and mix	2023	2024
Total energy consumption	52,618	50,928
Total energy consumption from fossil sources	52,262	50,429
Consumption of coal fuels and coal products	0	0
Fuel consumption from crude oil and petroleum products	2,823	2,402
Fuel consumption from natural gas	19,664	19,267
Consumption of fuels from other fossil sources	0	0
Consumption of electricity, heat, steam or cooling from fossil sources, purchased or acquired.	29,775	28,761
Percentage of fossil fuels	99.3%	99.0%
Total energy consumption from nuclear sources	0	0
Percentage from nuclear sources	0	0
Total energy consumption from renewable sources	355	499
Consumption of fuels from renewable sources	0	0
Consumption of electricity, heat, steam and cooling from renewable sources, purchased or acquired	355	366
Consumption of self-generated renewable energy without the use of fuels	0	133
Percentage of renewable sources	0.7%	1.0%
Non-renewable energy production	0	0
Renewable energy production	0	133
Energy intensity of activities in climate-intensive sectors	161	170

In 2024, the MeteRSit Italia website purchased electricity with a Guarantee of Origin to cover 100% of its electricity needs, which corresponds to 1.26% of the total electricity purchased from the grid by the SIT group.

The Group's net revenues, amounting to €299,538,232, derive entirely from activities in sectors with a high climate impact. The energy consumption of activities in sectors with a high climate impact¹⁰ is 50,820 MWh, therefore the energy intensity is equal to 169.66 MWh/mln€.

⁸ The totals in the table may differ from the sum of the components due to rounding

⁹ For the calculation of energy consumption in MWh, the conversion factors from the UK Government GHG Conversion Factors for Company Reporting – DEFRA 2024 were used.

¹⁰ The company operates in sectors defined as having a high climate impact, primarily in section C – Manufacturing activities (NACE 26.51, 27.11, 28.14) and in section G – Wholesale and retail trade (NACE 46.76, 46.74), except for the commercial agency SIT Controls CR SRO, which falls under section M (NACE 73.20)

[E1-6] GROSS SCOPE 1, 2, 3 AND TOTAL GHG EMISSIONS

For the quantification of total Scope 1, 2, and 3 GHG emissions, the SIT group has been using the methodology and principles of the ISO 14064-1:2018 standard since 2022, choosing 2021 as the base year.

The ISO 14064-1 standard is a voluntary tool issued by the International Organization for Standardization (ISO) that specifies the principles and requirements, at the organization level, for the quantification and reporting of GHG emissions and removals.

The Group has the GHG inventory verified annually by a third-party in order to ensure the correctness and reliability of the quantification results.

GHG INCLUDED IN INVENTORY

GHG is a gaseous constituent of the atmosphere, both natural and anthropogenic, that absorbs and emits radiation at specific wavelengths within the spectrum of infrared radiation emitted by the Earth's surface, atmosphere and clouds.

GHGs, reported in the SIT group inventory quantification, are a number of gases, including:

- carbon dioxide (CO₂),
- methane (CH₄),
- nitrous oxide (N₂O),
- hydrofluorocarbons (HFCs),
- perfluorocarbons (PFCs),
- sulfur hexafluoride (SF₆),
- nitrogen trifluoride (NF₃).

Each of these gases has a different climate-changing power, Global Warming Potential (GWP), measured in tons of CO₂ equivalent (tCO₂e), which represents the amount of CO₂ alone that would have to be emitted into the atmosphere to achieve the same impact generated on the climate by a gas of a different nature.

DIRECT AND INDIRECT EMISSION CATEGORIES INCLUDED

The ISO 14064-1:2018 standard identifies two main types of emissions: direct and indirect. Indirect GHG emissions are divided into five categories, generated by:

- imported energy;
- transport;
- derived from the products used by the organization;
- arising from the use of the organization's products;
- deriving from other sources.

The methodology adopted provides that direct emissions are reported on a mandatory basis, while, for indirect emissions, the company must quantify only significant indirect emissions. To identify the significant categories, a significance analysis was carried out, as required by the standard, which takes into account the parameters Magnitude, Influence, Risk and Accountability.

The categories included in the SIT group inventory are as follows¹¹:

- Direct GHG emissions and removals (Category 1):
 - 1.1 Emissions from the combustion of stationary plants, and therefore the emissions deriving from the consumption of fuels by the organization.
 - 1.2 Emissions from combustion of mobile plants, i.e. emissions from internal handling vehicles and the company car fleet.
 - 1.3 Process Emissions
 - 1.4 Fugitive emissions related to the refrigerant charge of refrigeration units.
- Indirect GHG emissions from imported energy (Category 2):
 - 2.1 Indirect emissions from the production and consumption of electricity imported from the grid.
- Indirect GHG emissions from transport (Category 3):
 - 3.1 Emissions from the upstream transport and distribution of goods, related to the transport of raw materials/semi-finished products purchased from Suppliers
 - 3.2 Emissions related to the downstream transport and distribution of goods, i.e. related to the transport of the finished product to the end Customers
 - 3.3 Emissions from employees on the way to work, based on the vehicle they use.
- Indirect GHG emissions from the products used (Category 4):
 - 4.1 Emissions from goods purchased by the organization, consider emissions related to the extraction and production of raw materials, and semi-finished products, as well as the upstream phase for the production of fuels and electricity.
 - 4.3 Emissions from waste disposal (liquid or solid)
 - 4.5 Emissions from the use of services not included in the previous categories: emissions related to work by subcontractors are considered here.

The following categories of indirect emissions have been excluded as they are not currently present and/or resulted not significant in the sensitivity analysis

- 1.5 Land use emissions, not relevant because there has been no change in land use over the past 20 years.
- 2.2 Emissions from imported energy production, excluding electricity: not relevant because the Company does not import energy.
- 3.4 Emissions from the transport of customers and visitors: not significant.
- 3.5 Emissions related to work missions: not significant.
- 4.2 Emissions from capital goods: not significant.
- 4.4 Emissions from the use of leased equipment: not significant.

¹¹ In 2024, indirect emissions related to the Water Meters business were also included in categories 3.1, 3.2, and 4.1. In previous years, these emissions were reported only under categories 1, 2, and 4.3 due to the lack of sufficient information for emission calculations, as it was a recent acquisition.

- 5.1 Emissions from the use phase of the product: not significant¹².
- 5.2 Downstream emissions of leased assets: not significant.
- 5.3 Emissions deriving from the end of life of the finished product: not significant.
- 5.4 Emissions arising from financial transactions: not significant.

CALCULATION METHODOLOGY

The calculation is carried out using the "IPCC 2021 GWP 100 v 1.02" assessment method, which uses an emission factor-based approach, where emissions are calculated by multiplying the activity data and related emission factors calculated on the basis of the GWPs (Global Warming Potential) of the IPCC's Sixth Assessment Report (AR6). This method proposed by the IPCC (Intergovernmental Panel on Climate Change) is by far the most widely used and recognized method by the international scientific community.

For category 1 emissions (equivalent to scope 1), the conversion factors given by DEFRA (ghg-conversion-factors-2024-full-set – Fuel properties) were used.

For Category 2 emissions (equivalent to Scope 2), at European sites, indirect electrical emissions (subcategory 2.1) were calculated using the emission factors of the Association of Issuing Bodies (AIB) Report "European Residual Mixes 2023" (Version 1.0, 2024-05-30); It should be noted that these values all refer to the 2023 supplier mix. For non-European sites, on the other hand, Terna Group's emission factors were used; the data refer to 2019 and the source is ENERDATA.

For the calculation of indirect emissions of category 3-4 (equivalent to scope 3) the SimaPro 9.6.0.1 software (Prè, 2021) and in particular the Ecoinvent 3.10 databases were used.

INCLUDED PROCESSES AND DATA QUALITY

The calculation approach chosen for the quantification of the GHG emissions of the SIT group is that of "operational control", whereby all emissions associated directly and indirectly with the installations over which the organization exercises operational control have been accounted for, including therefore up- and down-stream processes (e.g. transport and suppliers).

It should be noted that for all the processes under the control of the SIT group (e.g. use of heat, electricity) primary data were collected for all input and output data, such as consumption of fuels, energy and materials.

For processes not under the direct control of SIT (e.g. production of raw materials, etc.), secondary data from international databases, such as Ecoinvent (and therefore the percentage of gross GHG emissions of scope 3 calculated using primary data obtained from suppliers or other partners in the value chain is 0 %).

UNCERTAINTY ASSESSMENT

ISO 14064-1 requires that the category-level uncertainty associated with quantitative approaches be assessed. The approach chosen for the assessment of uncertainty is qualitative using the IPCC

¹² Emissions during the product life phase, which may potentially be very high (Magnitude), cannot be objectively assessed since SIT products are components installed in various applications whose emissions depend on the technical choices made by different customers, such as the type of fuel used. As a result, the materiality analysis falls below the threshold due to the parameters of Influence and Reportability.

methodology. This methodology provides as a first step the identification of the most important emission sources (Key Source Categories) on the basis of the level of importance (Level Assessment) of each individual emission contribution with respect to the value of the entire inventory.

As far as direct emissions (Scope 1) are concerned, the uncertainty is low as the activity data is a primary data and the emission factor used is taken from specific datasets (Ecoinvent), with the exception of subcategory 1.3 since the calculation of emissions was carried out directly by the company.

Also for Scope 2 the uncertainty is low as the activity data is a primary data and the emission factor used is taken from specific datasets (Ecoinvent) and from the AIB Report.

For the categories relating to Scope 3, the level of uncertainty is medium; In fact, for the transport of goods and the production of incoming materials and for their distribution to the end customer, the activity data was provided by the company and derives partly from suppliers and partly from a manual calculation.

The emission factor used is taken from specific databases (Ecoinvent) but not completely representative of the site conditions, for this reason an average uncertainty value has been assigned.

For the transport of employees, an internal survey was carried out for most of the company sites while for the sites in Mexico, Tunisia and Romania primary data provided by the administration office of each site were used. For GHG emissions deriving from the production of purchased goods, the activity figure has been extrapolated from the SAP management system and, therefore, is a primary figure.

Also for the activity data relating to waste, a primary figure was used on the basis of the waste registers. For GHG emissions deriving from external processing, the activity data was extrapolated from the SAP management system.

Gross Scope 1, 2 and 3 and total GHG emissions

Greenhouse gas emissions (in tCO₂e)

(tCO ₂ e)	Retrospective			Goals and target years		
	Base year (2021)	2024	% 2024/2023	2025	2030	Annual Target % / Base Year
Scope 1 GHG Emissions						
Gross Scope 1 GHG Emissions	5,909	4,119	-3%	4,916	3,675	-4.2%
Scope 2 GHG emissions						
Gross Location-based Scope 2 GHG emissions	11,858	12,316	+15%	9,866	7,375	-4.2%
Gross Market-based Scope 2 GHG emissions	14,009	13,779	+4%	11,655	8,714	-4.2%
Significant scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions	209,417	111,954	+5%	188,475	162,298	-2.5%
Purchased Goods and services	184,094	99,033	+5%	165,685	142,673	-2.5%
Capital Goods	-	-	-	-	-	-
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	3,252	4,470	+21%	2,927	2,520	-2.5%
Upstream transportation and distribution	9,243	2,340	+32%	8,318	7,163	-2.5%
Waste generated in operations	112	63	-8%	101	87	-2.5%
Business traveling	-	-	-	-	-	-
Employee commuting	6,664	2,797	+7%	5,998	5,165	-2.5%
Upstream Leased Assets	NA	NA	-	-	-	-
Downstream transportation	4,468	2,390	+17%	4,021	3,463	-2.5%
Processing of sold products	-	-	-	-	-	-
Use of Sold Product	-	-	-	-	-	-
End of life treatment of sold product	-	-	-	-	-	-
Downstream leased assets	-	-	-	-	-	-
Franchise ¹³	1,584	861	-27%	1,426	1,228	-2.5%
Investments	-	-	-	-	-	-
Total GHG emissions						
Total GHG emissions (location-based)	227,184	128,389	+5%	203,257	173,349	-2.6%
Total GHG emissions (market-based)	229,335	129,852	+4%	205,047	174,687	-2.6%

The greenhouse gas emissions intensity, location-based, (total greenhouse gas emissions per net revenue) is 428,6 tons/mln€

The intensity of greenhouse gas emissions, market-based (total greenhouse gas emissions by net revenues) is 433,5 tons/mln€.

The scope 2 emissions covered by Guarantees of Origin are those linked to the sites of MeteRSit Italia, which in 2024 contractually covered 100% of its electricity needs, corresponding to 1.28% of total location-based scope 2 emissions.

¹³ Under the item "Franchising," emissions related to processing carried out by subcontractors are considered, allocated to category 4.5 – Emissions from the use of services not included in the previous categories of ISO 14064

The net revenues used to calculate the greenhouse gas intensity correspond to the total revenues generated by the Group and are equal to 299,538,232 EUR.

In 2024, the emissions related to Janz's Water Meters business were calculated for the first time in categories 3.1 (210 tons), 3.2 (186 tons) and 4.1 (7,751 tons), included in the exposed emissions for a total of 8,147 tons or 7.3% of Scope 3 emissions. On a like-for-like basis, Scope 3 GHG emissions recorded a reduction of -3%, while total emissions decreased by 1,513 tons, equal to -1%.

Biogenic CO₂ emissions from biomass combustion or biodegradation not included in Scope 1 and 2 GHG emissions are 0. Biogenic CO₂ emissions occurring in the upstream and downstream value chain are 802 tCO₂e.

The SIT group has no GHG removal and GHG mitigation projects financed through carbon credits in its Operations or Value Chain.

The SIT group does not currently use Internal Carbon Pricing mechanisms.

2.2. ESRS E2 Pollution

[E2-1] POLICIES RELATED TO POLLUTION

The SIT group's approach to the prevention and management of pollution in its activities is contained in the *Environmental Sustainability Policy*, described in paragraph E1-2, which defines the group's strategic priorities for responsible management of business processes and activities.

Air pollution

The materiality analysis identified an actual negative impact on air pollution as "emissions of NOx, SOx and other pollutants deriving from production activities, although contained and monitored, contribute to air pollution." In the aforementioned Environmental Sustainability Policy, the SIT group undertakes to assess and minimise its impact in terms of emissions and air pollution, using the best available technologies to identify the pollutants that can be generated by production processes (such as SOx, NOx, VOC, PM, dust, etc.) and the related emission sources (both fixed/ducted, and of a widespread and fugitive nature).

Soil pollution

An actual negative impact of "Accidental spills or losses resulting from industrial processes may cause environmental damage such as the dispersion of pollutants and toxic substances into the soil" and a short-term risk deriving "from land remediation obligations: there is an operational, financial and reputational risk deriving from the ongoing remediation of the spill into the land, occurred in the 80s, of polluting material that was not properly contained at the time", at the Padua site for which the SIT group has been proceeding with the remediation work since 2023. In the Environmental Sustainability Policy, SIT undertakes to manage discharges and waste through appropriate methods and technologies to prevent pollution and minimize environmental impacts and to ensure the correct management of potentially polluting substances in the soil through the application of environmental legislation and the strictest control methods through the implementation of Environmental Management Systems.

Pollution-related emergencies

In the management of the dangers of pollution-related accidents, on people and on the environment, the SIT group has adopted a Health and Safety Policy and in the main production sites reference is made to the management of emergencies through the appropriate operating procedures and safety plans from an ISO 14001 perspective. The HSE Policy defines the Group's principles on Health and Safety implemented in the responsible and sustainable management of company processes and activities, from which the methods for identifying risks, prevention and management derive. For a detailed description of the Policy, please refer to paragraph S1-1.

The SIT group promotes the involvement of the entire value chain and, in general, of all the company's stakeholders in its environmental policies, so that they play an active part in achieving SIT's targets, through compliance with the "Code of Conduct" and the "Code of Ethics for suppliers and third-party intermediaries", described in paragraphs G1-1 and S2-1 respectively, in which they are invited respectively to "pursue a reduction in air, water and soil pollution", in addition to "compliance with international agreements in force" and to "establish a suitable environmental management system aimed at minimizing emissions of pollutants".

[E2-2] ACTIONS AND RESOURCES RELATED TO POLLUTION

In 2024, the SIT group did not adopt a specific Action Plan on pollution in view of the results of the annual monitoring, in line with the limits authorised by the competent authorities.

Despite the lack of specific planning of activities, in order to pursue the satisfaction of the commitments made with the Environmental sustainability policy and to ensure strict compliance with legal requirements, SIT has implemented a series of actions over the years to control and reduce pollution in the air and soil related to its activities.

Air pollution

In the main manufacturing sites (Rovigo, Romania and Mexico), the SIT group has implemented Environmental Management Systems, certified according to the ISO 14001:2015 standard, which guarantee the adequate management and monitoring of pollutant emissions into the air through specific procedures and company functions. In addition, the Rovigo die-casting plant has the Integrated Environmental Authorization. The company guarantees compliance with the regulatory provisions of the countries in which it operates through the implementation of periodic checks and controls on the potential emission points identified, using certified laboratories. The reliability of the control system is verified by third-party bodies and by periodic checks by the competent authorities in the field of environmental supervision.

In particular, over the years the SIT group has monitored fluorinated gases (F-Gases) and managed them carefully to prevent leaks into the atmosphere. In parallel, a process of phasing out ozone-depleting substances (ODS) has been initiated, replacing refrigeration systems using harmful gases with more sustainable solutions where possible.

The monitoring carried out in 2024 confirmed the effectiveness of the actions envisaged by the Environmental Management Systems, demonstrating that the authorised limits for air emissions have been complied with. SIT expects that, also in the following years, the Environmental Management Systems will guarantee the necessary environmental compliance of the Group and the minimization of pollution-related impacts.

Soil Pollution

The control methods established in the procedures of the Environmental Management Systems applied in the main production sites of the SIT group represent a safeguard, as for air emissions, for the correct management of potentially polluting substances and reduce the risk of spills into the soil. It should be noted that in October 2018, following some investigations carried out at the headquarters in viale dell'Industria 31-33 in Padua (no longer in use), SIT S.p.A. sent a notification to all the competent public authorities¹⁴, hereinafter referred to as "the Authorities", regarding the discovery of a potential contamination of organhalogen compounds in the groundwater, taking charge of all the resulting activities. After submitting an initial Risk Analysis document, in September 2019, SIT activated the Emergency Safety System (known as 'MISE') and, after further Risk Analysis, pilot injections were carried out in May 2021, with a view to the approval of the actual Operational Remediation Project, as authorised

¹⁴ Municipality of Padua (Environment and Territory Department); Province of Padua (Environment and Territory Area); ARPAV (Provincial Department of ARPAV in Padua); ULSS Company No. 6 Euganea (Department of Hygiene, Prevention, and Safety).

by the Authorities. With the Risk Analysis further integrated in July 2022, the Services Conference approved the updated Health and Environmental Risk Analysis and the Operational Remediation Project, the latter for a period of three years. At the beginning of 2023, SIT began work in accordance with the approved Remediation Operational Project and, to date, is proceeding with the prescribed activities, including sampling and analysis of the plant's piezometers and maintenance of the MISE plant, in accordance with the timetable and decisions of the authorities, reporting to them every six months on the progress of the remediation.

In SIT plants, the risk of spills is now very low in consideration of the substances used, the procedures implemented and how the plants are structured.

For the Operational Remediation Project, it was set aside in previous years and in the current year a risk provision amounting to € 1,144 thousand. This amount refers to Opex and is the most significant appropriation with respect to pollution for the future as well.

[E2-3] TARGETS RELATED TO POLLUTION

Although the SIT group does not have specific targets established in relation to pollution management, the effectiveness of the application of the Sustainability Policy, Environmental Management Systems and actions related to pollution is verified on the basis of the results of the monitoring of the quantity of substances emitted in relation to the limits established by the legislation. The Group undertakes to keep emissions of pollutants into the air and soil as close as possible to the legal limits by monitoring deviations from the previous year on an annual basis, and to having the data obtained from monitoring activities verified by third-party bodies, in the context of verifying the effectiveness of the Management Systems. In addition, the Group is committed to the continuous training of its staff in avoiding and managing any accidents that may lead to a greater release of pollutants.

[E2-4] POLLUTION OF AIR, WATER AND SOIL

The company guarantees compliance with the regulatory provisions of the countries in which it operates by monitoring the potential emission points identified, using certified laboratories. The reliability of the control system is verified by third-party bodies and by periodic checks by the competent authorities in the field of environmental supervision.

The SIT Panel prepares an annual report on the air emissions of pollutants, expressed in kilograms, measured at the different sites on the basis of the requirements of local regulations, and compares it with the pollutants covered by Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council (European Pollutant Release and Transfer Register, E-PRTR), in order to monitor the values set by the Regulation.

In 2024, no air emissions were detected that exceeded the E-PRTR thresholds. Furthermore, it should be noted that with regard to soil pollution, the relevant metric is not applicable, in view of the activities carried out by the SIT group.

[E2-6] ANTICIPATED FINANCIAL EFFECTS FROM POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES

For the Operational Remediation Project, it was set aside in previous years and in the current year a risk provision amounting to € 1,144 thousand. This amount refers to Opex and is the most significant appropriation with respect to pollution for the future as well.

For more information, please refer to paragraph E2-2.

2.3. ESRS E3 Water and Marine Resources

[E3-1] POLICIES RELATED TO WATER AND MARINE RESOURCES

The SIT group is aware of the importance of safeguarding and rationalizing the use of an indispensable resource such as water and directs its activities in order to achieve maximum efficiency of use.

The "Environmental Sustainability Policy" addresses water management, including water use and supply, water treatment and the prevention and abatement of water waste. SIT's Mission, with *"the commitment to create intelligent solutions for measuring consumption for a more sustainable world"*, explains the Group's contribution to addressing the problem of consumption.

This commitment is reflected in the design of products and services that measure water consumption, through innovation and the development of water meters. In this way, SIT has an effective positive impact on water withdrawals in the downstream value chain because: "With the Water Metering business, SIT contributes to a better management of water resources, limiting withdrawals and waste" at the same time as the Water Metering Development Opportunity: "The attention of the SIT group in the development of innovative technological applications for water meters, including smart ultrasonic meters, offers the medium-term opportunity to expand its market presence and differentiate from the competition. This technological evolution can help optimize water consumption and promote sustainable business models."

The analysis of Impacts, Risks and Opportunities revealed an actual negative impact linked to the "Reduction in the availability of water resources due to water withdrawal by the Group and the players in its value chain, especially in water-stressed areas".

To mitigate this impact, SIT undertakes in the Group's Environmental Policy, described in paragraph E1-2, to "monitor the use and management of water resources in order to make their consumption more efficient and reduce potential impacts on the territory" among the strategic priorities. SIT is applied to promoting an efficient use of natural resources in general, in particular reducing the withdrawal and consumption of water resources, monitoring, quantifying and reporting their consumption and to managing the water resources used at its sites, identifying opportunities for innovation, projects and programs to reduce water consumption

In general, the environmental policy of the SIT group promotes sustainable water use, based on the long-term protection of available resources and, together with compliance with current regulations, contributes to the good ecological and chemical quality of surface water: in this regard, the Policy mentions the management of discharges and waste to prevent further deterioration of water resources. Some of the Group's sites are located in areas of the world with high water stress; however, to date it has not been deemed necessary to adopt an ad hoc policy since water consumption in areas considered to be water stressed has decreased compared to the previous year and continues to be relatively low compared to the Group's overall withdrawals.

[E3-2] ACTIONS AND RESOURCES RELATED TO WATER AND MARINE POLICIES

In line with the Environmental Sustainability Policy, the Made To Matter Plan includes the intention to reduce water withdrawal through projects to decrease water consumption with a time horizon of 2027.

Actions to mitigate material negative impacts

In general, with regard to the direct impact related to the withdrawal of water used at SIT sites, the Group constantly monitors the quantities of water, using only what is necessary for production or civil use by employees. Furthermore, where present, monitoring is part of the monitoring related to Environmental Management Systems.

During the reporting year, the following activities were carried out:

- The study of a water reuse system has started in the Janz production area dedicated to meter testing;
- Awareness-raising activities, through special signage, information and internal communication days, on the responsible use of water in the sites of SIT Tunisia.

The Plan also aims at better management of water resources, limiting withdrawals and waste, especially in areas at risk of water scarcity and high water stress.

A number of locally managed initiatives in environmental management systems contribute to this. In particular, at the Tunisian site, located in a water-stressed area, rainwater collection and condensate recovery projects are being studied for the reuse of water and latent heat from the discharged condensate. At the Rovigo site, a study was presented for a project to contain the consumption of industrial water, currently suspended pending funding. In Portugal, at the Janz plant, a system for reusing the water used to test the meters is being studied, which should lead to a 40% reduction in consumption, achievable in the medium term. At the same site, the implementation of the ISO14001 management system is planned in 2025. These projects are still being studied and implementation is expected over a medium-term horizon.

ACTIONS TO ACHIEVE MATERIAL POSITIVE IMPACTS

Development of water meters

With the Water Metering Business Unit, SIT contributes to a better management of water resources, limiting withdrawals and waste, in relation to the company mission and the commitments of the Environmental sustainability policy.

To implement its commitment to developing sustainable technologies in the water meter sector, the SmartIO ultrasonic meter was developed in collaboration with GWF. This innovative product uses advanced technology to measure water flow without moving parts, ensuring installation flexibility and real-time control of the water network. In fact, SmartIO allows remote monitoring of consumption, helping to identify leaks and inefficiencies and contributing in the medium term to water savings and network efficiency. The product has been designed applying eco-design principles, in particular the technical solutions and the lack of plastic filling facilitate disassembly, reparability and separation of the different materials at the end of its life.

Production of SmartIO began in the last months of 2024. The production line for the new meter has been designed to reduce water consumption thanks to a recycling system inspired by Lean principles: the new water calibration bench works on a closed circuit, using less than 50% of the water required for each meter.

At the same time, Janz has developed the connectivity of some existing meter families, increasing accuracy, reliability and performance stability to meet market needs with increasingly efficient and sustainable solutions.

The design activity of the Water Metering Business Unit allows the SIT group to contribute to reducing the short- and medium-term impact of water withdrawal and consumption in the downstream value chain, even in areas at risk of water scarcity and high water stress.

The most significant financial resources for water resource management were dedicated to the development of the Smartio meter, for which financial resources amounting to €840,000 were spent on capitalised development costs. This amount is included in the financial statements under increases in financial fixed assets.

The resources allocated are not specific to water-risk areas o severe water stress.

[E3-3] TARGET RELATED TO WATER AND MARINE RESOURCE

SIT at Group level has not yet established specific and measurable sustainability targets in relation to the issue of water sustainability. However, the effectiveness of the application of the Sustainability Policy and the related actions are monitored based on the results of the constant monitoring of water withdrawals, even in areas of high water stress. The Group is committed to reducing its impact on water resources and raising awareness among its workforce about responsible use.

[E3-4] WATER WITHDRAWAL

The metric used by the SIT group to assess performance in relation to its water-related impacts is consolidated water withdrawal at Group level, monitored through a direct measurement of water meters. The data relating to the withdrawal in each plant are verified by third parties as they are subject to tariffs by the network operators.

In 2024, considering the Group's overall figure¹⁵, there is a significant decrease in the quantities of water withdrawn compared to the previous year. This reduction, located on the Mexican site, is due to the rehabilitation of a leak that occurred in 2023 to the firefighting system and the decrease in the area irrigated for the sale of part of the land. There is also a significant reduction in withdrawals in areas subject to water stress, mainly due to the fact that since 2024, the State of Nuevo León, the area where the Mexican plant is located, has ceased to be a state in water difficulty, as the rainy season has increased natural and artificial basins.

Water withdrawal (in m3)

(m3)		
Water withdrawal	2023	2024
Total water withdrawals	126,722	105,798
Water withdrawals in areas subject to water stress	68,007	13,814

In order to identify water-stressed areas, the Aqueduct Tool developed by the World Resources Institute (WRI) was used. The WRI tool is available online on page www.wri.org/our-work/project/aqueduct. For the analysis, the results that emerged in the "water stress" column were taken into account. Sites considered to be water stressed are those where the total percentage of water withdrawn is high (40-80%) or extremely high (above 80%) according to the Aqueduct Water Risk Atlas tool.

¹⁵ Please note that for water withdrawal data from commercial companies for which direct data are not available (SIT USA, SIT Canada, MeterSit Milan, MeterSit UK), estimates have been made based on the number of employees, starting from the maximum per capita water withdrawal value calculated for commercial companies with available direct data. The overall estimated contribution of the commercial sites is less than 0.25% of total water withdrawals. It should be noted that water withdrawal data for commercial companies are not included for 2023.

2.4. ESRS E5 Resource use and circular economy

[E5-1] POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The SIT group, aware of the scarcity of resources and the impact that the processes of extraction and use of raw materials have on the climate and the environment, identified a negative impact where "the use of non-renewable raw materials and semi-finished products for production can contribute to the depletion of natural resources", and defined specific guidelines to minimize it within the Environmental sustainability policy, already described in E1-2, in which the Group declares that it is committed to adopting circular economy logics to reduce environmental impact and extend the life of its products. In addition, the company focuses on resource efficiency by design, promotes the use of recycled materials with a low impact on emissions, and collaborates with customers to develop material reuse solutions.

In this regard, SIT also has an effective positive impact on the environment, through the "Recovery of waste and residues deriving from production processes (e.g., aluminum, brass, copper scraps, etc.) through their internal reuse or recovery, with a decrease in the pressure on virgin raw materials."

The SIT group promotes the involvement of the entire value chain and, in general, of all the company's stakeholders in its environmental policies, so that they play an active part in achieving SIT's targets, through compliance with the "Code of Conduct" and the "Code of Ethics for suppliers and third-party intermediaries", described respectively in paragraphs GOV-1 and S2-1, in which they are invited respectively to "contribute to a sustainable economy through continuous innovation of (...) processes", "to create safe products with low environmental impact" and to "always seek the best solution at an environmental level, with the aim of pursuing (...) the protection of natural resources, avoiding any waste", in addition to "compliance with international agreements in force" and "establish a suitable environmental management system".

The policy addresses:

- the issue of the transition from the use of virgin resources, through the SIT group's commitment to prefer the use of recycled materials with a lower impact on emissions, with the same performance.
- sustainable sourcing and the use of renewable resources, with the commitment to collaborate both with suppliers to minimize the environmental impact from an LCA perspective, and with its customers in the search for opportunities for the reuse of materials. The company's goal is to define circularity policies and strengthen the partnership towards shared sustainability.
- the priority of minimizing waste generation, maximizing waste reuse activities and the final destination for reuse/recycling.
- take into account the need to minimize the consumption of materials used for the manufacture of products and components, with a view to resource efficiency, both in the design phase and in the production phase.

[E5-2] ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

ACTIONS TO MITIGATE MATERIAL NEGATIVE IMPACTS: USE OF RESOURCES

The 'Made to Matter' Sustainability Plan, linked to the principles and commitments of the Environmental Sustainability Policy, sets out a number of actions that address the impacts associated with the consumption of virgin raw materials and the generation of waste in operations.

The time horizon of the plan is also set at 2027.

The reduction of virgin material used and the impact on the environment deriving from the waste of resources is closely linked to the reduction of the Carbon Footprint of products and consequently also of Scope 3 GHG emissions, a target to which these actions are explicitly linked in the Plan.

In particular, the following actions affect the quality and consumption of raw materials:

- LCA study on new products for less impactful materials, processes and technologies;
- Use of recyclable, recycled and/or climate-friendly plastics (measured through Product Carbon Footprint studies) within SIT products;
- Packaging optimization, collaborating with customers for the development of reusable packaging;
- Exploration of product models inspired by the principles of Ecodesign such as Repair, Reuse and Recovery. The project is still ongoing, but in this regard, the SIT group has developed guidelines for design inspired by the principles of sustainability

Thanks to the actions implemented and being implemented, the SIT group expects to reduce the use of virgin raw materials and the weight of waste sent for disposal, a decrease in emissions related to the use of materials with a lower impact and an increase in recycled materials.

The basis for resource consumption and the possibility of introducing circular economy practices can be found in the choices made during the design phase, which determine the prevailing impact of the final product or service. With this awareness, the SIT group adopts a design approach oriented towards the optimization of materials and the reduction of environmental impact and in accordance with the MtM Plan mentioned before

introduced the LCA study from the early stages of product development using the "CFP SA – LCA tool" model already described in [E1-3] Actions and resources in relation to climate change policies . With this approach, designs are favored that minimize weight, therefore the net consumption of resources, and recycled materials with a lower environmental impact are preferred.

The main metals used in the manufacture of components, aluminium, brass and steel, which make up an average of 66% by weight of a valve and 49% of a fan, are mainly of secondary origin and processing scraps are sent for recovery for the production of new raw materials; the design approach plans to extend the option of using recycled materials to plastics, in particular MeterSIt (has verified the possibility of introducing the use of bodies printed from recycled material on new domestic meters and is completing the homologation activity to implement them also on meters in production with a time target of 2027.

Finally, in order to reduce the amount of virgin resources, in the "Made to Matter" Plan, SIT aims to study and promote initiatives for the recovery and regeneration of end-of-life products, in order to also reduce the energy impacts of recycling activities.

At the moment, at the Janz plant, there is a flow of recovery of products from the market for the repair, regeneration and reuse of brass bodies in new meters that are then returned to the customer, according to a logic that also aims to reduce the energy cost of material recovery.

In the H&V BU, collaborations with customers have been underway since the last months of 2024 to study the introduction of returnable packaging on specific products.

In general, these opportunities are customer-driven projects that have visibility into the final stages of the lifecycle. Even in the design choices, customer specifications are often binding, so SIT extends its commitment to the value chain and the MtM Plan reports the collaboration with suppliers and customers to promote circularity:

- Upstream, it focuses on the choice of recycled materials and low-impact technologies during product development, involving suppliers in identifying the best technical options in terms of performance and impacts, when defining supply specifications; moreover, it involves H&V strategic suppliers through a dedicated platform¹⁶ that indirectly constitutes stimulation and training on the levers of reducing the impact of their processes.
- Downstream, interviews with key customers aim to identify shared opportunities to reduce impacts, both when defining product specifications, when materials and design are defined, and proposing collaborations aimed at identifying and promoting recovery and reuse starting from packaging, up to end-of-life products, strengthening partnerships towards shared sustainability.

These channels of dialogue require training and awareness of the corporate functions in contact with external stakeholders: in 2024, a training session dedicated to the corporate functions in contact with customers (Marketing & Sales) was conducted to explain and stimulate their role in the process of technical-information exchange with customers, also by opening alternative channels of dialogue to the traditional ones. This training is better described as Fast Track Training in the chapter 3.1. ESRS S1 Own workforce.

Increase the share of waste sent for recovery

The Sustainability Plan, with a view to 2027, provides for actions aimed at the reduction of waste produced

- "Zero waste to landfill" , adopting separate collection and recovery programmes for materials in plants; in addition, SIT intends to reduce the production of hazardous waste, optimizing its treatment;
- "Value from waste", trying to enhance waste materials through sale or reuse.

In general, production waste is preferably reprocessed and reused where possible. Over 80% of waste is sent for recovery. A series of actions with a view to continuous improvement managed at local level in the plants within the Environmental Management Systems contribute to the targets of the Plan. It is noted that the action of SIT Manufacturing NA, in Mexico, which launched a campaign for the reduction of contaminated rags with the aim of reducing them by 10% compared to the previous year, through an awareness campaign and specific signage distributed to employees. The goal was achieved in 2024.

¹⁶ For further details on the platform, please refer to paragraph S2-4.

SIT Tunisia regularly organizes awareness sessions for its employees, also aimed at involving them in proposing innovative ideas to help reduce waste and improve separate waste collection.

As we have seen, the key actions of the SIT group cover a wide spectrum of activities, from the choice of materials during design, to the adoption of recovery and recycling methods. The inclusion of recycled materials, such as metals and plastics, is a priority, as is the development of new regenerative solutions.

Description of the type of financial resources that are allocated

The efficient management of incoming raw materials and waste, thanks to careful design, reduction of production waste and increase in recycling, is part of the management of environmental impact as well as financial management, as a lever for reducing the cost of purchase, transformation and disposal and the reduction of inventory.

There are no relevant spending or investment initiatives dedicated to circular economy projects, circular business practices, prevention of upstream and downstream waste.

[E5-3] TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In line with the Environmental sustainability policy and with the actions of the Sustainability Plan to reduce the amount of waste generated in the SIT group, the various sites of the Group have established the following targets, listed in no order of priority:

Target and unit of measurement	Target perimeter	Year and base value	Target / KPI	Target year
"Zero waste to landfill"	Group	2024 313 ton	-90% of non-hazardous waste sent to landfills	2027
Valorisation of residues : Derive value through the sale or internal reuse of waste	Group	2024 N/A	Identify 2 currently discarded materials to sell or reuse internally	2027
Activation of the returnable packaging model (*)	Europe (MtM Plan)	2023 N/A	3 customers	2027
Extension of the LCA tool to missing product lines (*)	Group	2024 Valves, Fans, Electronics, Gas Meters	Water Meters	2025
Stimulate the proactiveness of suppliers (on packaging, materials, technologies, processes, logistics...) by promoting the exchange of technical and information (targeted internal training) (*)	Group (MtM Plan)	2023 N/A	R&D training on Sustainable Design guidelines	2025
Recyclable plastics in gas meters (*)	MeteRSit	2023 N/A	Homologation in meters in production	2027

(*) These targets, which within the Made to Matter Plan, are linked to the reduction of GHG emissions, contribute to the reduction of incoming virgin material flows through the levers described above.

In addition to the targets set out in the table above, the individual plants operate within the Environmental Management Systems with actions aimed at reducing waste by monitoring the quantity, quality, and type of disposal, setting annual reduction targets.

All the targets described have been established with a view to the SIT group's desire to proceed towards maximizing the internal reuse of waste. Targets have been set voluntarily, referring to the Environmental Management System, and have not been validated by any external scientific framework. No external stakeholders were involved in the definition of the targets. The ESRS metric on the quantification of

inflows will contribute in the future to the definition of more specific KPI's concerning the circular economy.

[E5-4] RESOURCE INFLOWS

The calculation of the quantities of incoming material is derived from the analysis of goods receipts, processed on a monthly basis for each site of the SIT group, which provides a detailed overview of the materials purchased for production, including classifications on the type, supplier, quantity and value, to which the weights are associated. As described in [SBM-1] Strategy, business model and value chain SIT purchases semi-finished raw materials, auxiliary materials, simple components, i.e., processed in a single plastic or metal material or complex components, produced and assembled with different materials, as well as electronic components and electronic boards. In some products, critical materials (in particular on some rubbers and some steels) and rare earths (in electronic components) may be present in small quantities.

The inflow of resources shown in the following table includes all the materials purchased by the SIT group for production at its sites.

Incoming flows

(t)	
Type of input materials	Quantity
Products	2,364
Technical materials	11,047
Biological materials	2,085
Reused or recycled secondary components (including packaging).	26
Secondary intermediate products and materials used by the company for its products and services (including packaging)	1,386
Total materials	15,496

Products are complex components such as electromechanical components, electronic components and electronic boards.

Technical materials are raw materials, auxiliary materials and simple components, such as blanking and turned.

Biological material mainly includes packaging. The percentage of input biological materials covered by sustainability certification (FSC - Forest Steward Council) is 0.7%, corresponding to 0.1% of the total input materials. FSC certification is an international, independent and third-party certification, specific for the forestry sector and products - wood and non-wood - derived from forests managed with careful and sustainable practices.

Secondary intermediates and secondary materials are materials containing a certain percentage of recycled material that can be contained in raw materials and semi-finished products or components produced from recycled raw materials. Within this category there are also raw materials deriving from the recovery of waste and residues deriving from SIT's production processes (e.g. aluminum, brass, copper scraps, etc.) sent to suppliers for reuse. The estimate of recycled materials is derived from the information received from suppliers, which is based on their own assessments, and, where present, from supporting certifications. The percentage of secondary intermediates and secondary materials used for the manufacture of products is 8.9% calculated as a precautionary measure on the basis of direct information

received from certain suppliers only. Given the nature of the materials, in particular Aluminum, Steel and Brass, it is reasonable to think that this data is very conservative because in the absence of information all these materials have been considered virgin.

The reuse concept is considered only for recovered water meters that enter the Group as external processing and therefore do not supplement the materials counted at the input. There is currently no reused packaging for finished products. The percentage of secondary components reused or recycled is 0.2% and includes only reused materials without a melting phase.

[E5-5] RESOURCE OUTFLOWS (WASTE)

The group pays close attention to responsible waste management, ensuring full compliance with current regulations, also through the drafting and dissemination of specific operating instructions and procedures for staff. This approach takes the form of both the commitment to reducing waste production and its traceability, ensuring the correct delivery to authorized disposers with the aim of favoring recovery over disposal, thus minimizing the environmental impact.

The various production sites have implemented operating procedures to monitor the entire waste management process and final destination. This not only reduces the environmental effects of waste generation, but also optimizes costs. It should also be noted that most of the waste generated by the group's production activities comes from secondary or ancillary processes and services, rather than from the waste and residues of primary production processes.

The data relating to waste and its destination, divided into hazardous and non-hazardous waste, are shown below. The calculation was made with reference to the waste production data monitored through the provisions of the procedures of the Environmental Management Systems, where present, and to the quantitative data communicated in order to comply with the environmental legislation applicable in each country.

In 2024 2,467 tons of waste were produced, recording a reduction compared to 2023 (-11%), with a proportional increase in recovered waste, 2,007 tons, from 74% to 81% of the total.

Waste (tonnes)

Waste (t)	2023	2024
Total Waste produced	2,771	2,467
Total waste removed from disposal	2,057	2,007
Total waste sent for disposal	715	460
Waste diverted from disposal (t)	2023	2024
Hazardous waste:	257	288
Preparing for Reuse	253	268
Recycling	4	1
Other recovery operations	0	19
Non-hazardous waste:	1,800	1,719
Preparing for Reuse	1,100	1,106
Recycling	700	268
Other recovery operations	0	345
Waste sent for disposal (t)	2023	2024
Hazardous waste:	140	71
By incineration	4	2
By landfill	23	28
Through other disposal operations	114	41
Non-hazardous waste:	575	388
By incineration	15	-
By landfill	497	313
Through other disposal operations	63	76

The total hazardous waste is 359 tons. They are not produced by the Radioactive Waste Group.

Waste not directly recycled is 2,198 tons, equal to 89%, and waste destined for disposal is equal to 460 tons, down 35% compared to 2023. 80% of the non-hazardous waste sent for disposal, 312 tons, is municipal waste.

The main waste streams are ferrous and non-ferrous metal swarf, paper, cardboard and wood packaging, plastics, mineral oils. Other materials include sludge, solvents, activated carbon, end-of-life equipment, mixed material packaging, batteries and accumulators, paints.

3. SOCIAL INFORMATION

3.1. ESRS S1 Own workforce

[S1-SBM3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

The SIT group is aware of its actual and potential impacts on its workforce, including employees and external workers employed by the Company. Furthermore, through the double materiality process outlined in paragraph IRO-1, the Company has identified certain risks relating to the workforce and recognises that both the impacts generated or likely to be generated, as well as the risks identified, are closely linked to the Group's strategy and business model and could potentially impact its entire workforce without particular exclusions.

According to the double materiality analysis carried out by the Company, the likelihood of incidents occurring within the Group's operations that involve human rights violations, discrimination, or significantly harmful and improper conduct towards the workforce is considered to be very low. Nevertheless, the Company is fully aware of the need to monitor these issues and recognizes the possibility, however remote, of isolated events that could, even if not directly attributable to the Company, undermine its integrity, values, and the fundamental principles of social responsibility it has championed for years. Below is a description of the material impacts and risks identified about the SIT group's workforce, divided into negative impacts, positive impacts, and material risks.

MATERIAL POSITIVE IMPACTS

Contribution to employees' work-life balance

Over the years, the SIT group has implemented initiatives aimed at promoting work-life balance, through flexibility measures, parenting support, attention to mental well-being, and practical tools for time management. These interventions helped to strengthen employee engagement while promoting their personal well-being and professional motivation. Values such as work-life balance are now an integral part of the Group's DNA, whose concrete commitment has been recognized by prestigious national and international awards, including the "Work Life Balance Friendly Company" Award from the Marisa Bellisario Foundation in collaboration with Confindustria.

Gender equality

The entrepreneurial orientation of the SIT group is based on the enhancement of people and their work, offering everyone an environment in which to pursue their ambitions and develop their potential in an inclusive and fair context. SIT pursues the commitment to ensure equal opportunities for all employees, regardless of gender, thus promoting engagement, diversity and inclusion. This approach contributes to a positive corporate culture and a balanced work environment, based on meritocracy and the enhancement of skills.

Workforce development through continuous training

The Company's EVP (Employee Value Proposition) is as follows: "We invest in our people giving them the conditions in which they could thrive and grow with the Company. We are together towards a sustainable work environment". In line with this principle, the SIT group maintains its commitment through

continuous training programs, which include technical, general and customized courses. These paths have a concrete and positive impact, promoting the personal growth of employees and enhancing their professional skills and knowledge.

Valuing diversity

Over the years, the SIT group has concretely translated its values, establishing rules and safeguards to enhance human capital, in its precious breadth and variety. This commitment is reflected in the recognition of the strategic role that diversity and inclusion assume within a managerial style aimed at enhancing the contribution of individuals in work groups, fostering a collaborative, inclusive and respectful work environment. In the medium term, this vision can have a positive impact on corporate culture, stimulating innovation and strengthening reputation thanks to an environment in which diversity of gender, age and culture is perceived as value.

MATERIAL NEGATIVE IMPACTS¹⁷

Evolution of the business environment and human resources management

Due to an uncertain market environment, the SIT group had to deal with a rationalization of the workforce, linked to the decline in production volumes. This situation has had an actual negative impact on the employees subject to the measures, and the Company is aware that the negative impact could also extend to uninvolved employees, affecting the organizational climate and fueling a sense of insecurity and uncertainty about the future. While the company has tried to manage the process with the utmost transparency and respect, it is crucial to constantly monitor the effect this phase could have on employee engagement and motivation to ensure the stability and well-being of the entire organization.

Management of social dialogue

The current negative market situation could have a negative effect on the relationship between the Company, workers and trade unions, in particular in the management of social dialogue and collective bargaining. Difficulties related to the uncertainty of the economic environment can make negotiations and relationships more complex, making mediation and compromise processes more difficult, with potential repercussions on the internal climate and staff motivation.

Health and safety management at company sites

The occurrence of injuries or other accidents in the workplace has negative consequences for the health of the Group's workers, with direct impacts on the physical well-being of the employees involved. A high number of incidents could compromise compliance with safety regulations and increase the operational costs associated with injury management. In addition, such events could negatively affect your productivity and reputation.

¹⁷ None of the material negative impacts on the workforce identified by the SIT group result from transition plans aimed at reducing negative environmental impacts.

Gender Pay Gap

The SIT group acknowledges that a gender pay gap exists, rooted in historical reasons and broader contextual factors that are not always attributable to the company itself. This inequality can impact the corporate climate, influencing employees' perception of fairness and meritocracy. The company is aware of the importance of addressing this issue and, in recognizing its responsibilities, maintains a strong and ongoing commitment to ensuring pay equity across all of its locations.

Harassment and discrimination in the workplace

Despite the adoption of measures against violence and harassment within the Group's sites, the Company is aware that discriminatory and stereotypical behaviour may occur, which does not depend on the intrinsic culture promoted by the company but rather reflects individual attitudes. These behaviours, although isolated, can have a negative impact on the working climate, compromising the creation of an inclusive and respectful environment.

Child labour

Any instances of child labour, including indirect involvement through temporary or subcontracted workers, would constitute a serious violation of human rights, compromising the health and development of the minors involved. For the SIT group, across all its sites, the risk of such a situation occurring is considered extremely remote, due both to the Company's strong focus on this issue and to the nature of its business and the geographical locations of its operations. While operating in full compliance with applicable regulations, the Company is fully aware of the potential negative impact such a scenario could have and is therefore committed to maintaining high standards of vigilance to be prepared to respond appropriately if necessary.

Forced labour

As with the negative impact of the potential use of child labour, cases of forced or compulsory labour would also constitute a serious violation of human rights. The Company, also in this case, is aware of the seriousness of the impact of such a scenario and undertakes to maintain high standards of supervision in this regard, as well as obviously operating in full compliance with all regulations in force, both national and international. In any case, for the entire SIT group, the risk of the use of forced labour is extremely remote, both because of the attention paid to the issue by the Company, and because of the nature of the business and the geographical locations in which the Group's offices are located.

Employee privacy and data management

Inadequate handling or unauthorized use of employee data can lead to incidents of violation of employee privacy, with potential legal and operational repercussions. The increasingly complex cybersecurity context requires constant and concrete updating of corporate defenses, as well as continuous training of employees on the subject. The SIT group is committed to ensuring the protection of sensitive data in all its offices and to being ready to intervene promptly in case of need, to preserve business continuity and minimize the risks of breaches.

MATERIAL RISKS

Risk related to the worsening of the organizational climate

In correlation with the negative impact identified concerning the Secure Employment sub-topic, the SIT group assessed as material the risk related to the worsening of the organizational climate due to the rationalization of the workforce that took place during the years 2023 and 2024. In fact, the need to rationalize personnel costs to respond to the economic challenges posed by the market and also by geopolitical events may expose the Group to the risk of a deterioration in the organizational climate, with possible negative effects on employee engagement, motivation, and productivity. Job uncertainty could also increase the rate of voluntary turnover, leading to the loss of key skills and compromising the attraction of new talent. The risk applies to the entire workforce.

Risk of inadequate management of safety at work

While considering the health and safety of workers to be of primary importance, which is protected with the aim not only of complying with current legislation, but also of constantly striving to improve working conditions, the SIT group is aware that the risk of inadequate management of safety at work in the Group's plants could lead to an increase in accidents and injuries within the Group's sites. The occurrence of such events may expose the Company to operational interruptions, with possible reputational and economic and financial consequences.

Risk related to the Gender Pay Gap

Aware of its current negative impact on equal pay between men and women in SIT's workforce, and while committing itself to gender equality, the Group is aware that the wage gap between men and women can compromise SIT's attractiveness on the labour market and affect the organizational climate. Furthermore, from the point of view of regulatory compliance, policies to reduce the Gender Pay Gap could expose the company to an increase in labour costs.

Risk of key resource dependency and lack of succession planning

Considering the Group's EVP and the importance that SIT group attaches to investing in the skills and competencies of its employees, SIT recognises as material the risk deriving from dependence on resources considered key, as well as from the absence of adequate and structured succession planning. In particular, the concentration of critical know-how on a small group of figures without the appropriate mitigation measures exposes the Group to operational and strategic vulnerabilities. The possible sudden exit from the Company's workforce of these key resources could result in a significant loss of know-how for the company with a consequent impact on operations. In addition, the absence of an adequate and structured skills succession process could lead to slowing down employees' growth, generating inefficiencies and increasing costs related to the need to find resources promptly or to resort to external consultants. The risk relates in particular to the company's management and to some figures considered strategic.

[S1-1] POLICIES RELATED TO OWN WORKFORCE

Over the years, the SIT group has adopted a structured system of policies relating to its workforce. These policies not only reflect the company's ideals of social responsibility and ethics but also help create an environment where employees feel valued, protected, respected, and motivated to reach their full potential.

In particular, the policies addressing workforce-related matters focus on the material topics that may potentially impact, or are currently impacting, the entire SIT/ group workforce. Below is a summary of SIT group's workforce-related policies, which highlight the company's commitment to ensuring a work environment that fosters both individual and organizational well-being and development for all its people.

Code of Conduct

The SIT group's Code of Conduct was updated in 2023 in full consistency and synergy with the company's Mission and Vision and the specific values associated with them. In addition, the document is inspired by the highest international standards of reference and "best practices", including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the fundamental conventions on which it is based, and the United Nations Guiding Principles on Business and Human Rights.

The document lists the fundamental principles, commitments, provisions and good practices of conduct to be followed to pursue the ethical performance of the group's activities and the management of impacts, risks and opportunities concerning the issues identified as material by the Group relating to the workforce, as indicated in paragraphs IRO-1, IRO-2 and SBM-3 of this document. For more information on the Group's Code of Conduct, please refer to the chapter 4.1. ESRS G1 of this document.

Human Rights Policy

The SIT group has formalised its commitment to respecting and promoting human rights through its Human Rights Policy, approved by the Board of Directors of SIT S.p.A. in December 2022 and disseminated at the same time as the Company's Code of Conduct, making it available to all Group recipients and stakeholders through the Group's official communication channels.

The objective of SIT's Human Rights Policy is to define the rules, principles and responsibilities regarding human rights that all people in the Group are required to respect. More specifically, the policy applies to the personnel of all the companies belonging to the SIT group, both foreign and Italian, and to all those who work on behalf of or in favor of the company, as illustrated in detail within the policy.

In defining its human rights policy, the SIT group drew inspiration from the main international human rights instruments, including the aforementioned 1948 Universal Declaration of Human Rights, the 1950 European Convention on Human Rights, and the eight fundamental ILO Conventions, as well as the United Nations Guiding Principles on Business and Human Rights and all the main international conventions on the subject, which are listed in the policy by way of example and not as an exhaustive list. In addition, the Policy is drawn up in accordance with and provides for compliance with the national and international regulatory provisions in force in all the countries in which the Group operates and with the voluntary codes, procedures, and regulations adopted by the company over the years.

The policy, through the principles considered key and essential to ensure respect for human rights in the performance of all its business operations, commits SIT to ensure respect for human dignity and the guarantees recognized by national and international regulations and conventions, to support and promote, with its stakeholders, both internal and external, a culture based on respect for inviolable human rights and fundamental freedoms.

Below is the list of the 12 fundamental principles supporting the SIT group's commitments in the field of human rights:

- Rejection of forced labour and human trafficking
- Rejection of child labour
- Respect for diversity, inclusion and equal opportunities
- Commitment against harassment and mobbing in the workplace
- Health, safety and well-being
- Right to work, freedom of association and collective bargaining
- Fair and favourable working conditions
- Environmental and climate protection
- Integrity and fight against corruption
- Privacy and data confidentiality
- Respect for local communities
- Relationship with business partners and suppliers

The commitments and provisions contained within the SIT group's Human Rights Policy represent a solid guideline for the management of impacts and risks identified as material by the group concerning its workforce, as already described in paragraphs IRO-1, IRO-2 and SBM-3, in particular about the following ESRS sub-sub topics: secure employment, social dialogue, work-life balance, health and safety, gender equality and equal pay for work of equal value, training and skills development, measures against violence and harassment in the workplace, diversity, child labour, forced labour and privacy.

The Group is committed to ensuring the monitoring of the implementation of the Human Rights Policy, fostering transparent, fair, and respectful relationships with its people, in full compliance with the applicable laws in the countries where it operates. Any violation or suspected violation of the Human Rights Policy can be reported by all parties involved, even anonymously, through the appropriate channels provided by the company, for which please refer to the section 4. GOVERNANCE of this document. The Company is also committed to preventing and addressing potential violations, and to sanctioning any breaches or non-compliance by all parties subject to the policy, whether internal or external to the organization.

Recognizing that Human Rights are an evolving issue, the SIT group is committed to regularly updating this policy, taking into account developments in the field, advancements in standards and labour practices, the Group's internal context, and any concerns raised by stakeholders on the matter. The implementation, monitoring, and full or partial revision of the Human Rights Policy are the responsibility of the HR department, in collaboration with the relevant company offices and structures. Furthermore, any substantial revision of the Policy shall be subject to approval by the Board of Directors of SIT S.p.A.

Diversity & Inclusion Policy

In conjunction with the Group's Code of Conduct and Human Rights Policy, SIT has published and disseminated, through the Company's official communication channels, its Group Diversity & Inclusion Policy, containing all the company's provisions and commitments aimed at promoting diversity, inclusion and equal opportunities, as well as preventing discrimination and harassment.

The D&I Policy applies to the personnel of all companies belonging to the SIT group, both foreign and Italian, and to all those who work on behalf of or in favor of the company as illustrated in detail within the policy in the Recipients section.

This Policy is aligned with the other corporate policies of SIT, national and company-level collective bargaining agreements, and the main internationally recognized instruments related to labor, diversity, and inclusion. These include the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and its core conventions, the United Nations Guiding Principles on Business and Human Rights. It is also consistent with national, European, and international sector-specific regulations, as well as with the guidelines of international organizations that address these topics, including cross-cutting initiatives such as the United Nations 2030 Agenda.

Through this Policy, the SIT group is committed to ensuring respect for all possible dimensions of diversity, promoting the value of differences both in business relationships and in the management of its workforce. In particular, the company outlines its approach to D&I through a series of commitments and key principles described in greater detail within the document:

- Promotion of gender equality;
- Promotion of equal opportunities;
- Promotion of work-life balance and of sharing family responsibilities;
- Commitment to the removal of potential barriers that may cause stereotypes, discrimination and/or prejudice;
- Promotion of dialogue between different cultures;
- Promotion of intergenerational dialogue and comparison;
- Promotion of the integration and inclusion of people with disabilities through the elimination of cultural, sensory and physical barriers;
- Zero tolerance towards any kind of discrimination, abuse or harassment.

More broadly, SIT's commitment to its workforce is to value each individual in their professional and personal growth and development, within a healthy, safe, and stimulating work environment. In this setting, everyone, regardless of individual differences and with full respect for their dignity, has the opportunity to reach their full potential, thereby fostering a culture of sustainability and inclusion.

Furthermore, any form of discriminatory behaviour or conduct that undermines individual dignity is strictly prohibited. This includes discrimination based on race or ethnic origin, nationality, age, political opinions, religious beliefs, health status, sexual orientation, socio-economic conditions, or any other social factor that may result in the denial or impairment of equality of opportunity or treatment in employment or occupation. Under no circumstances are physical, verbal, or psychological abuse and/or harassment tolerated. The Company firmly condemns all forms of violence and any actions, whether by individuals or groups, inside or outside the organization, that contribute to creating an intimidating, hostile, demeaning, defamatory, or offensive work environment.

As outlined in the principles above, this policy serves as a safeguard for mitigating impacts and managing risks related to the following material topics concerning the Company's own workforce, as detailed in sections IRO-1, IRO-2, and SBM-3: work-life balance, gender equality and equal pay for work of equal value, training and skills development, measures against workplace violence and harassment, and diversity.

To reinforce the commitments undertaken, at the same time as the approval of the D&I Policy by the Board of Directors, SIT updated and internally disseminated the Group Hiring Policy and Training Policy, both of which will be detailed in the following sections, to ensure corporate processes are aligned with the principles of inclusion, fairness, and merit across the entire Group.

In addition, SIT has implemented and shared a set of best practices and guidelines to support and strengthen actions and behaviours consistent with the values stated in its policies.

In general, the Human Resources Department oversees compliance with D&I principles across SIT's activities and holds responsibility for the implementation of the Policy, as well as for the prevention, mitigation, resolution, and remediation of negative impacts resulting from confirmed cases of discrimination, lack of equal opportunity, bullying, harassment, retaliation, stalking, and mobbing.

The full or partial review of the Diversity & Inclusion Policy falls under the responsibility of the Ethics and Equal Opportunities Committee, in collaboration with the relevant company departments and structures. In drafting any updates, the Committee will also take into account any needs and requests raised by the Group's stakeholders. Furthermore, any substantial revision of the Policy will require approval by the Board of Directors of SIT S.p.A. Any violation or suspected violation of the D&I Policy can be reported, also anonymously, by any of the parties involved, using the designated reporting channels provided by the company, as detailed in Section 4. GOVERNANCE INFORMATION of this document. The Company is also committed to preventing and addressing possible violations, and to sanctioning any breaches or non-compliance by all individuals subject to the Policy, whether internal or external to the organization.

Training Policy

The SIT group's Training Policy is a formalized internal policy, made available to all employees through the Company's internal communication channels. The Policy, updated following the drafting and publication of the Group's D&I Policy to ensure alignment with its stated values, has been established as a Group-level corporate procedure. It has been reviewed by the Quality department and approved by the Group's Chief Human Capital Officer.

The procedure and commitments outlined within it apply to all employees and all companies belonging to the SIT group. Specifically, each Group company is responsible for defining and detailing the methods and tools for implementation following the context in which it operates, while reporting to the Group functions to ensure consistency and accountability.

In developing the Policy, the Company considered not only its other internal policies and the interests and needs of its employees, but also the provisions of ISO 9001 and the Certification for Gender Equality in accordance with UNI/PdR 125:2022 guidelines.

The objective of the procedure is to establish the criteria and responsibilities necessary to ensure the effective management of the process for acquiring knowledge and skills or disseminating information to company personnel, in alignment with Group policies. It aims to foster a fair, inclusive, and merit-based environment, free from discrimination.

This document also serves as a useful guideline for promoting positive impacts and mitigating negative impacts, particularly concerning the following topics identified as material impacts on the workforce, as presented in sections IRO-1, IRO-2, and SBM-3 of this document: gender equality, training and skills development, and diversity.

Hiring Policy

Like the SIT group's Training Policy just described, the Hiring Policy is also a formalized internal corporate procedure, available to all employees through the Company's internal communication channels. The Policy, updated following the drafting and publication of the Group's D&I Policy to ensure alignment with its stated values, has been reviewed by the Quality department and approved by the Group's Chief Human Capital Officer.

The procedure and the commitments contained therein apply to all companies within the SIT group, across its various Business Units, including Italian and foreign subsidiaries and branches. In its development, the Company took into account not only other corporate policies and the interests and needs of current and potential employees but also the provisions contained in the ISO 9001, ISO 14001, ISO 27001, ISO 17025 standards, as well as the Certification for Gender Equality in accordance with UNI/PdR 125:2022 guidelines.

The objective of the procedure is to determine the methods, tools, and operational activities necessary to onboard personnel, ensuring that hiring requests align with business needs and budget forecasts. It aims to correctly define the professional skills required for the position and the appropriate compensation framework, through a recruitment and selection process carried out in full compliance with the principles of diversity and inclusion.

Regarding responsibilities, each Human Resources Department, whether Corporate or Plant, that receives a personnel request manages the entire hiring process up to the onboarding of the new employee, involving the requester in the assessment of both technical and soft skills.

This document serves as a valuable guideline for promoting positive impacts and mitigating negative impacts, particularly concerning the following topics identified as material impacts on the workforce, as presented in sections IRO-1, IRO-2, and SBM-3 of this document: gender equality, training and skills development, diversity, and privacy.

Parental Policy

In response to its commitment to continue positively impacting its workforce on identified material topics, particularly work-life balance and gender equality, SIT in 2023 drafted and distributed, through the Company's internal communication channels, a Parental Policy aimed at all employees of SIT and MeteRSit Italia who announce a maternity and/or paternity.

The Policy, drawn up in accordance with the principles set out in the Group's D&I Policy, has been verified by the Quality department and approved by the Group's Chief Human Capital Officer, and refers to the main regulations on the protection and support of maternity and paternity including:

- Legislative Decree no. 151 of 26 March 2001 – Consolidated text of the legislative provisions on the protection and support of maternity and paternity;
- CCNL Metalworking and Plant Installation Industry – Federmeccanica of 05/02/2021

The goal of the Parental Policy is to support parents in two phases:

- In the prenatal period, in order to facilitate the preparation for the arrival of the child;
- In the period immediately following, upon the arrival of the child up to the age of three, in order to promote the resumption and work-life balance.

In addition, the Policy aims to protect those who announce maternity and/or paternity, whether natural or adoptive, against any type of discrimination in terms of selection, career advancement and pay conditions.

The monitoring, implementation, as well as the revision, in whole or in part, of the Parental Policy, are the responsibility of the Human Resources Department of SIT S.p.A. and MeteRSit S.r.l Italia, in collaboration with the offices and company structures deemed appropriate, which in the elaboration of any changes will also take into account the needs and requests that may be submitted by employees.

Salary Review Policy

Through its Salary Review Policy, as well as with all the other policies of the Group, SIT undertakes to ensure respect for equal opportunities and to recognize national and supranational laws on the subject in the performance of specific salary review activities to support and promote a culture based on meritocracy, equality and respect for all kinds of diversity. The enhancement of each individual and their professional and personal growth and development are at the core of the policies and the respect for the inalienable human rights that SIT promotes in every organizational process implemented, repudiating all forms of discrimination. To foster the sustainable growth of its people and create a positive, safe and stimulating work environment, as well as mitigate the current negative impact on gender pay equality, SIT is committed, through the Salary Review policy, which is expected to be updated in 2025, to implement salary review initiatives. These initiatives align with strategic business needs, corporate and individual performance, as well as the dynamics and evolutions of the labour market. At the heart of this commitment is the principle of Equal Pay for Equal Work, integrated into a broader compensation and benefits strategy, which governs the criteria for awarding and assigning compensation within the organization.

The policy applies to all employees of the SIT group, provided that, at the time of the salary review process, they have been employed for more than 12 months and have not received salary increases in the previous 24 months. In addition, the remuneration policy actions relating to the personnel of the Italian and foreign plants have a periodic definition established year by year.

The responsibility for monitoring, implementation, as well as the revision, in whole or in part, of the Salary Review Policy is the responsibility of the Human Resources Department of the Group's Headquarters, which disseminates updates and makes the policy available to employees through internal company communication channels.

Health & Safety Policy

The SIT group's Health and Safety Policy has been approved by the Board of Directors of SIT S.p.A. and made available to all Group stakeholders through the company's official communication channels. The Health & Safety Policy applies to SIT and its subsidiaries, as well as to all individuals who collaborate with and/or act on behalf of SIT in all the countries where the Group operates.

The Policy defines the Group's principles regarding Health and Safety in the responsible and sustainable management of company processes and activities, in compliance with legislation and legal obligations, as well as relevant best practices and voluntary commitments undertaken by SIT over the years. Furthermore, SIT's H&S Policy aims to serve as a guideline for mitigating impacts and managing risks related to the material topic of health and safety.

In defining the H&S Policy, SIT observes and promotes compliance with all applicable Italian, European, and local laws in countries where it operates or may operate, as well as internationally recognized instruments for protecting workers' health and safety. Examples include the Universal Declaration of Human Rights, the European Convention on Human Rights, and key conventions of the International Labour Organization, alongside other international and European declarations and conventions, as detailed in the company policy.

Through this policy, SIT promotes continuous improvement of health and safety processes, implementing action plans based on prevention and accurate risk assessments, along with a system for preventing and managing workplace accidents.

With a view to continuous improvement, the Company commits to regularly updating the Policy, taking into account advancements, progress in standards and good practices in Health and Safety, and any

stakeholder requests. Monitoring, implementation, and the partial or full revision of the H&S Policy are the responsibility of the HSE, Human Resources, and Sustainability Departments, in collaboration with the relevant company offices and units.

Privacy Policy

The Privacy Policy of the SIT group defines the general rules adopted by SIT S.p.A. and by all the companies directly and indirectly controlled by SIT for the regulation of the obligations related to the Processing of Personal Data and the management of possible impacts regarding the material issue of privacy.

The regulatory framework on which the policy is based is as follows:

- EU Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 (hereinafter also "GDPR");
- Guide to the application of the European Regulation on the protection of personal data, of the Italian Privacy Guarantor;
- Guidelines on Personal Data Breach notification under Regulation 2016/679 – wp250 of WP29;
- Guidelines on the right to data portability under Regulation 2016/679 of the WP29;
- Legislative Decree no. 196 of 30 June 2003 "Personal Data Protection Code" - Text integrated with the amendments introduced by Legislative Decree no. 101 of 10 August 2018.

The Governance & Legal Function, in the person of the Privacy Officer, has the task of assessing and verifying the full regulatory compliance of the SIT group with the GDPR, through periodic audits, and the implementation of the Privacy Policy. The Policy is available to all Group employees through the company's internal communication channels.

During 2024, the Group Code of Conduct and the main ESG policies were translated into the languages used within the Group (French, Spanish, Portuguese, Romanian and Chinese), alongside the versions already available in Italian and English. The policies have been distributed to all locations through their local HR departments and are also accessible upon request via email to the Sustainability department, as indicated on the dedicated company web page.

[S1-2] PROCESSES FOR ENGAGING OWN WORKERS AND WORKERS' REPRESENTATIVES REGARDING IMPACTS

The SIT group believes that consideration of the prospects of its workforce is fundamental to guide decisions and activities aimed at managing the relevant impacts, actual and potential, relating to the people of SIT. We value the contributions of our employees and encourage them to freely express their opinions through dialogue building and active listening through engagement channels, including, for example, organizational climate surveys, Town Halls and specific events. We let feedback guide our decisions and activities, in fact proactively listening to employee needs and feedback allows SIT to continuously adapt its policies and practices to respond to the evolving needs of its workforce.

Starting from the needs that emerged in the 2022 organizational climate survey, the "Breakfast with Federico" initiative was introduced in 2023, which continued throughout 2024. The initiative consists of a space for active listening, mutual knowledge, exchange of perceptions and update on the company's orientation with our CEO, Federico De' Stefani. In view of the positive feedback and the usefulness of the meeting, the appointment that counted 21 participants in the 4 scheduled meetings, will also be confirmed in 2025 with further new dates. The initiative, by shortening distances, allows valuable visualization and sharing of different perspectives not always possible in everyday life. In the wake of this project, a similar involvement initiative has also been launched abroad at the plant in Romania, with the introduction of the "Breakfast with Site Manager" event.

In addition, in continuity with the previous year, in 2024 the activity of the "Town Hall Meetings" continued, a series of events scheduled on a quarterly basis following the release of the financial results, based on the sharing of the company's business results and information relevant to the organization, as well as on the recognition of team results and the presentation of Best Practices. The meetings, valuable tools for involvement aimed at strengthening listening and sharing, involved the entire Group in several appointments organized by BU. The operational responsibility for carrying out these initiatives lies with the Human Resources Department.

In terms of health and safety, the Group maintains ongoing constructive collaboration with safety managers and fire prevention personnel, with whom periodic meetings are scheduled for the joint analysis of risks based on health and safety hazards. During these meetings, improvement actions to be implemented are shared, also taking into account organizational changes. The meetings are organized to evaluate and review any interventions or activities that may be necessary to enhance safety standards and aimed at improving the health and safety conditions of all workers in every company environment, particularly within production plants. Specifically, the Safety Plan is periodically drafted, which describes, for each industrial site in Italy, both the activities carried out in compliance with legislation and applicable regulations and sets certain targets to be achieved. Furthermore, constant dialogue is encouraged between the RSPP (Person Responsible for the Prevention and Protection Service), the Workers' Representatives, and the Union Safety Representatives (RSU).

Regarding the management of industrial relations, the Company recognizes the Trade Union Organizations that are signatories to the national collective labour agreement and their territorial representatives as the natural counterparts in all negotiations and discussions, whether economic or regulatory, aimed at managing issues related to work organization and maintaining employment levels.

In conducting social dialogue, SIT refers to the provisions of the applicable laws in the various countries where the Group's plants and commercial offices are located. While respecting the provisions of the national collective labour agreement (CCNL), SIT supports the importance and centrality of the right to information as an essential element of a correct and transparent system of industrial relations, based on dialogue and prior information, and on mutual recognition of roles, prerogatives, and competences.

Reaffirming the importance of this principle, SIT has established a model of industrial relations that includes monthly meetings with all the company's Union Safety Representatives (RSU), with particular focus on issues related to safety development plans, including how these plans are implemented, especially regarding the overall work organization. The operational responsibility to ensure effective involvement of workers' representatives and safety representatives lies with the Human Resources Management, supported directly by the HR Industrial Relations function.

Moreover, in processes involving workers and their representatives, the SIT group pays particular attention to people who may belong to vulnerable groups such as parents and caregivers, people with health issues, protected categories, victims of gender-based violence, and foreign workers from non-EU countries.

For example, to make accessible, understandable, and applicable the measures introduced to support parenthood, as well as to monitor their implementation and gather direct feedback from the parents involved, a Parenting Desk has been established: a monthly appointment-based service through which parents can explore the services and measures dedicated to them via direct consultation with the HR department, which holds operational responsibility for providing this service.

[S1-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

The SIT group is committed to responsibly mitigating any material negative impacts on its employees, whether they caused or contribute to their generation. The process for remedying possible negative impacts involves identifying and analysing the impact, discussing it with the workers involved, identifying mitigation, corrective, and/or sanctioning interventions, and, if necessary, involving trade union representatives. The aim is to ensure that the measures taken respond effectively to the needs of the employees concerned, and the effectiveness of the solutions is constantly monitored by the HR function. The Group encourages its employees to actively work to identify and prevent improper conduct and, in this regard, during 2024, it implemented a Whistleblowing reporting platform, in compliance with the Group's Whistleblowing Policy, made available directly by the Company. The platform allows employees to directly raise concerns or reports related to alleged irregularities in a completely anonymous manner and without possible retaliation, with respect to all issues regulated by ESG policies and the Code of Business Conduct. In the event of reports, the Company will make appropriate assessments and implement appropriate corrective actions, which include possible management interventions, disciplinary measures or sanctions. The effectiveness of the measures is monitored by the Governance & Legal Department in consultation with the Human Resources Department. During 2024, the SIT group promoted the reporting mechanism and the Whistleblowing Policy that regulates it and ensured its full dissemination through specific induction and training activities for employees, collaborators and, in general, the Group's main stakeholders. In any case, the platform and its policy are available and accessible to all Group stakeholders via a special link in the dedicated section of the corporate website. For a detailed description of the whistleblowing reporting mechanism, please refer to the chapter 4.1. ESRS G1 .

[S1-4] TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

To effectively manage the material impacts and risks related to its workforce, SIT has put in place over the years and, in continuity in 2024, a series of initiatives related to workers.

The process for identifying the material impacts and risks is outlined in paragraph IRO-1 of this document. With regard to identifying appropriate or necessary actions in response to a specific negative (actual or potential) impact on its workforce, the SIT group relies on the guidelines outlined in its Compliance Framework. This framework is implemented through the Company's ESG policies and procedures and supported by the expertise and assessments of the Human Resources Department in coordination with the Governance & Legal Department, the Equal Opportunities Ethics Committee, and Company management.

The effectiveness of actions implemented to mitigate negative impacts is monitored regularly by the Human Resources Department. In general, the SIT group is committed to ensuring that its practices do not cause or contribute to material adverse impacts on its workforce through strict adherence to its internal policies, as described in section S1-1. However, should any critical issues arise, even if beyond the Company's control and due to external or unforeseeable factors, the Company is committed to protecting its employees through targeted initiatives and mitigation measures. These efforts aim to reduce risks and turn potential negative impacts into opportunities for improvement.

To this end, SIT allocates resources deemed appropriate based on ad hoc analyses, with a view to responsible growth and continuous commitment to employee well-being and social sustainability.

ACTIONS ON MATERIAL NEGATIVE IMPACTS AND APPROACHES FOR THE MITIGATION OF RELATED RISKS

Protection of safe work, social dialogue and organizational climate

In 2024, in continuity with 2023, the SIT group took action to mitigate and prevent the identified negative impact related to the topic of secure employment, particularly stemming from the need to rationalize personnel costs in response to economic challenges caused by market uncertainty. To this end, the company continued to promote stable and long-term employment relationships across all its sites, while also encouraging flexible and dynamic contractual solutions capable of meeting employees' needs.

In general, the Group considers the offer of stable, long-term employment as a key requirement for fostering business growth, as well as a strong motivational factor. Supporting this commitment, as of December 31, 2024, over 85% of the Group's employees held permanent employment contracts.

At the same time, the Company recognises that the complexity of the market situation can affect the dynamics of social dialogue and relations with trade unions. For this reason, SIT has adopted a proactive approach aimed at mitigating these impacts, aware that an open and constructive discussion with workers' representatives and social partners is essential to identify shared solutions. In this context, in 2024, the Company continued to operate the early consultation channel in Italy and the Netherlands, first introduced in 2022, which enables the involvement of trade unions before the implementation of significant changes. Transparency is indeed a guiding principle for the SIT group, which is committed to communicating strategic decisions that may impact human resources in a clear and timely manner, to avoid tensions and foster a shared understanding of corporate targets.

In this regard, SIT has strengthened its commitment to actively involving trade union representatives by organizing regular meetings to discuss proposals, address critical issues, and identify sustainable solutions, to continuously improve social dialogue.

Moreover, to address potential feelings of insecurity and support employees' professional growth, the SIT group has enhanced its reskilling and upskilling programs. These are understood respectively as: reskilling, acquiring new skills to take on different roles; and upskilling, updating existing skills to improve performance or access roles with greater responsibility. The goal is to offer new development opportunities and facilitate internal mobility.

Targeted training on key competencies, delivered both in person and through the "Skills-up" platform used by the Company, has enabled our employees to adapt to evolving business needs, reduce the risk of redundancies, and unlock internal talent.

In addition to this, the Company has strengthened the already existing internal mobility and professional reconversion policies, paying greater attention to the creation of job rotation paths and encouraging the transition to emerging roles within the company by keeping the subsection called "Career in SIT", dedicated to career opportunities in the Company, active within the company intranet. At the same time, for the employees affected by the measures to rationalise personnel costs, the Company has activated outplacement programmes, offering support for relocation in the labour market through specialised partners, to reduce the impact of the measures adopted.

In order to maintain a positive organizational climate and mitigate the related risks, in addition to the actions already mentioned, the Company has introduced active listening tools for all its employees. These include periodic surveys, feedback meetings, and support desks, as outlined in section S1-2. These tools allow the Group to monitor organizational well-being, respond promptly in the event of signs of discomfort or dissatisfaction, and assess the effectiveness of the actions undertaken concerning the topics addressed in this section.

At the same time, employee engagement and retention programs have been strengthened through recognition initiatives, such as the "Peer to Peer Celebration" during Town Hall meetings, and incentives aimed at enhancing skills and boosting motivation.

Finally, on the occasion of the move to its new headquarters in Padua, SIT S.p.A. organized SIT Lab & More, a family day dedicated to employees and their families. During the event, the doors of the new headquarters were opened to welcome colleagues and their loved ones, offering guided tours of the laboratories and access to the new office spaces. The initiative served as an opportunity to present the new work environment, strengthen employee engagement, and continue to foster a positive corporate culture, thus preserving a strong sense of belonging and motivation.

Occupational health and safety management

The SIT group considers the health and safety of workers in its sites one of its priorities, committing itself not only to compliance with current regulations, but also to the adoption of strategies and actions aimed at the continuous improvement of working conditions, aiming for a work environment that is safe and as risk-free as possible. This vision is achieved through specific training programs, both remotely and in person, awareness sessions and opportunities for discussion on safety, promoting the development of a corporate culture focused on prevention and protection of the health of employees. In this regard, the Group's Health & Safety Policy was drawn up and disseminated in 2024, outlined in paragraph S1-1 and to which reference is made for details, with the aim of unifying and concretising, by putting it in black and white, the commitment of the entire Group. Among the targets set by the company for 2025, the Policy

will be the subject of training for all employees with the Group's digital identity by the end of Q4 2025, as outlined in paragraph S1-5 of this chapter.

On a regular basis, both in Italy and abroad, there is periodic risk monitoring and accident assessment with the aim of avoiding accidents and constantly improving health and safety conditions at the various sites of the Group. In addition, the Company continuously strives to plan and carry out maintenance and improvement of plants, equipment, structures and production processes. In addition, the main safety indicators are analysed and shared monthly with the management and the necessary functions as part of the Factory Meetings of each production plant, during which the KPIs are presented, and any critical issues are identified.

In addition to this, the Group maintains constant constructive collaboration with workers' representatives, with whom periodic meetings are scheduled for the joint analysis of risks based on health and safety hazards. During these meetings, the improvement measures to be implemented are shared, also considering organizational changes. In all the plants of the SIT group there are joint committees composed of workers' representatives and company representatives who address and manage issues related to health and safety.

To reduce risk and mitigate the current impact resulting from an increase in workplace accidents, all incidents have been subjected to a structured analysis aimed at identifying the root causes and determining the most appropriate corrective actions. The information gathered is promptly shared with management and the HSE teams of the relevant Group company, enabling a structured discussion on the measures to be adopted. The most appropriate actions, defined following the most authoritative regulatory standards and the specific nature of each case, are promptly implemented to provide adequate support to injured workers and to prevent similar events from recurring.

Furthermore, to prevent and reduce injuries, particularly in the Group's Tunisian plants, a dialogue has been initiated with company management to define a targeted action plan tailored to the specific local context and cultural characteristics. This plan includes a reassessment of working conditions at the facilities, training and awareness activities, as well as the strengthening of prevention and risk mitigation measures. Implementation of the plan is scheduled for the short term.

Looking ahead, SIT aims to consolidate and expand its safety programs across the entire Group, improving long-term performance monitoring through advanced digital tools and enhancing training on emerging risks. The target is to ensure an increasingly safe, structured, and prevention-oriented work environment.

Equal pay between genders

As described in paragraph SBM-3, the SIT group is aware of its impact on gender equality from the point of view of fair pay for equal work, as there is a gender pay gap linked to historical reasons and broader contextual factors, which are not always attributable to the company. This inequality has a negative impact on the company's employees, but it can also have significant consequences for the company, both financially and in terms of attractiveness/reputation.

Aware of its impact and the need to mitigate the associated risk, since 2021, the SIT group has implemented within the company a banding structure for all strategic organizational positions within the Italy perimeter, following the Global Grade System methodology. This structure is designed based on the characteristics and uniqueness of its workforce. The implemented system allows for mapping and weighting company roles related to the Italian territory and, for the most part, also the strategic roles located in foreign offices. Based on this, the Gender Pay Gap Analysis was launched in 2023 in collaboration with Willis Towers Watson, aiming to identify any gender-based pay differentials within the

company's workforce through the analysis of fixed and variable pay components for each band defined by the Global Grade System methodology. The output of this assessment provided an initial snapshot that laid the groundwork for technical working groups dedicated to studying and deepening the understanding of the issue, to develop a methodology as objective and functional as possible, given the complexity of the corporate environment.

Continuing this process, in 2024, SIT implemented pay transparency models within its Italian companies, using role classification to normalize pay differences, thereby enabling a fair comparison of salaries relative to role weight. This initiative made it possible to identify specific cases requiring alignment of pay treatment, while also highlighting the need for further analysis. The process not only aims to ensure compliance with the pay transparency deadline set for 2027 but also intends to define advanced metrics to promptly detect potential gender pay gaps and prevent their formation in the long term.

This approach further strengthens and clarifies SIT's vision of "Equal pay for Equal work," which, while acknowledging the negative impact generated, actively commits to reducing it and mitigating associated risks. The company ensures that professional growth and access to development opportunities are based solely on merit and the current and future contribution of individuals, opposing any form of discrimination. Gender equity is indeed a fundamental commitment of our sustainability and growth strategy. Demonstrating this commitment, at the Italian sites, alongside the confirmed Gender Equality Certification in accordance with the UNI/PdR 125:2022 practice, SIT has further reinforced its initiatives through active participation in regional awareness and outreach campaigns, holding official Ambassador roles. Moreover, it has consolidated its presence by joining provincial network protocols, thereby contributing to the promotion of inclusive and sustainable practices.

Management and adoption of measures against violence and harassment in the workplace

A common element of all SIT's ESG policies is zero tolerance towards violence and harassment, a declared and formalized commitment to actions of inclusivity and gender equality for a neutral, non-discriminatory and meritocratic workplace. SIT, in fact, in no case tolerates or justifies abuse and/or physical, verbal, psychological harassment, moreover, condemns any form of violence and any action of the individual or groups of people, inside or outside the company, which contributes to creating an intimidating, hostile, denigrating, defamatory and offensive work environment.

The Human Resources Department has the supervision of compliance with these fundamental principles of SIT's activity, as well as the desire to prevent, mitigate, resolve and remedy the potential negative impacts arising from possible cases of discrimination, failure to respect equal opportunities, bullying, harassment, retaliation, persecutory acts and mobbing, which are very far from the culture and sensitivity actively promoted by the entire SIT group.

In 2023, the "Plan for the prevention and management of harassment, violence and/or discrimination in the workplace" was released in order to prevent any behaviour considered inadmissible with respect to the culture of inclusion promoted by the SIT group. At the same time, the plan formally established the channels and methods for managing any reports in compliance with the provisions of the Whistleblowing legislation. The plan was updated in 2024 thanks to the full entry into force of the policy dedicated to the topic published at the end of 2023 and the respective digital reporting channel that was implemented during the year, as detailed in paragraph G1-1.

Protection of human rights and rejection of forced labour and child labour

Bearing in mind the impact that potential human rights violations could cause on its workforce, since 2022 SIT has established the foundations for overseeing the issue, and in 2024, it has carried out its activities in continuity with this approach.

The SIT group has formalized its commitment to the respect and promotion of human rights, and the consequent rejection of forced and child labour, through its Human Rights Policy, updated during 2024 in line with the implementation of the new Whistleblowing reporting platform. Through the Policy, described in detail in paragraph S1-1, the SIT Group undertakes to ensure respect for human dignity and the guarantees recognized by national and international regulations and conventions, as well as to prevent and mitigate possible negative impacts on its entire workforce, to support and promote, a culture based on respect for inviolable human rights and fundamental freedoms.

As proof of this commitment, since 2022, SIT has joined the United Nations Global Compact, the UN voluntary program that represents the largest initiative to promote a culture of sustainability and corporate citizenship in the world. The United Nations Global Compact requires participating companies and organizations to share, support and apply, in their sphere of influence, a set of fundamental principles relating to human rights, labour standards, environmental protection and anti-corruption. As a participant in the United Nations Global Compact, during 2024, SIT integrated the 10 principles of the Global Compact into the Group's strategy, culture and day-to-day operations, publicly supported the initiative through its official media and, above all, reported on its progress and achievements concerning compliance with the 10 principles to its stakeholders, through the publication of its 2nd Communication On Progress (COP). In addition, the Group assesses the effectiveness of human rights actions by monitoring reports received in this regard.

Protection of Privacy

The SIT group has historically paid close attention to issues related to data and information security. In this sense, every year the Company commits itself to improving the level of security of its IT systems and focuses heavily on the awareness of its entire workforce, realizing how the threat of cybercrime is increasingly greater and more aggressive.

Aware of the impact that IT and corporate security breaches can cause on the privacy of its workers' personal data, the SIT group in 2024 adopted the Privacy Policy, described in paragraph S1-1, in compliance with the GDPR. The policy has been accompanied by other policies and procedures dedicated to its implementation, including:

- Data Retention Policy
- Data Subject Rights Management Procedure
- Data Breach Management and Notification Procedure
- Privacy by Design and Privacy by Default Procedure

The SIT group, through the aforementioned documents, has equipped itself with the necessary tools to identify and mitigate the impact of a possible violation of the privacy of its employees through a structured approach that combines preventive measures, management procedures and continuous training.

From the point of view of cybersecurity, for some years now the majority of corporate servers in the business area have been transferred to data centers specialized in mitigating the risks of data loss and theft, in managing Disaster Recovery and High Availability solutions, with 24/7 monitoring of security and the operation of services to ensure certain and fast recovery and restart times in the event of incidents.

As for the availability of production servers, necessarily located on-site, it is guaranteed by internal Disaster Recovery policies which, depending on the criticality of the system, can vary from daily backups on high-performance Cohesity platforms, to combined systems in High Availability that guarantee almost instantaneous recovery times and practically zero data loss.

The review, which began in 2022, of most of the company's security systems, in terms of procedures and partners, also continues in 2024, to improve the monitoring of the attack perimeter by cyber criminals. In this sense, the corporate Cybersecurity Awareness program was followed, also proposed in 2024 through the delivery with the "Metacompliance" platform, which has a training delivery mechanism integrated with Microsoft Teams. During 2024, 3 periodic Cybersecurity training campaigns were provided to all employees with a digital identity.

Furthermore, SIT has a mandatory induction program for all new hires, which includes a training meeting with the Information Security System Manager. During the training sessions, the best practices that employees must adopt daily in Cybersecurity are illustrated to minimize risks and reduce the attack surface of a potential hackers or cyber-criminals. As a further tool to promote corporate awareness in the field of cybersecurity, a web page has been created within the company intranet for the publication of news, Red Flags, and articles in the field of information security.

In addition, from the point of view of certifications, in 2024 MeterSIT obtained the adaptation and the transition of certification to the new ISO 27001:2022.

As for the new policies, on the other hand, the Group's ChatGPT Policy was released in 2024, which governs the use of the artificial intelligence application in the company, in order to promote conscious use and prevent any risks and negative impacts. During the first months of 2025, training on the Policy and the ethical and correct use of artificial intelligence will be provided to all employees voluntarily, while it will be provided on a mandatory basis to employees who have a "plus" license of the platform.

ACTIONS ON MATERIAL POSITIVE IMPACTS

Initiatives to support work-life balance

In continuity with previous years, SIT has continued to implement Welfare and Wellbeing policies, paying particular attention to issues to safeguard the psycho-physical health of its employees, thus promoting initiatives with wide accessibility and inclusiveness that promote opportunities for balance and well-being. The initiatives promoted have had a positive impact on the Company's entire workforce, through the intervention on dimensions such as increasing purchasing power in terms of fringe benefits, facilitating work-life balance and promoting a climate of both personal and professional health and well-being.

The positive impact generated by the company has been recognized and rewarded by the Marisa Bellisario Foundation which, in collaboration with Confindustria, has awarded SIT the prestigious "Work Life Balance Friendly Company" award, aimed at large companies that have distinguished themselves in the field of gender equality and work-life balance, in the enhancement of the role of women in the company and in the economy, implementing concrete and innovative policies and actions.

Among its human capital management policies, SIT has made a conscious choice to pursue a working environment characterized by flexibility, autonomy in managing the workday, and an entrepreneurial mindset at both the individual and team level. The goal is to create a workplace where the achievement of corporate targets is made possible through the contribution of all employees, within a climate of trust and effective collaboration.

Through its smart working and flexible work practices, SIT aims to drive change, focusing on work-life balance and organizational well-being. Work-life balance is not merely about managing time, but about

generating a tangible positive impact on all employees, fostering equilibrium between personal life and work, and enhancing well-being within the company. Flexible and remote work is governed by specific regulations tailored to each Group site, and the oversight of their application is entrusted to the HR departments of each legal entity.

Aligned with this vision of work-life balance, in 2024, SIT has supported and promoted parenthood through concrete initiatives and measures set out in its Parental Policy. These are offered during the prenatal period and in the months following the birth or entry of a child into the family, up to the age of three, to facilitate return to work and support employees' work-life balance.

Additionally, to make the newly introduced measures more accessible, understandable, and applicable, SIT has established the Parenting Desk: a monthly appointment-based service where parents can explore the benefits and services available to them through direct consultation with the HR department. For further details regarding the Parental Policy, please refer to section S1-1.

In addition, in order to offer a service dedicated to the promotion of personal and professional well-being of its entire workforce, the Company has kept the "Psychology and Emotions" desk active. The psychological helpdesk, managed by a professional psychologist, offers individual online appointments with the aim of giving emotional balance and orientation to users through meetings that can be freely used by all the people of SIT, white collars and blue collars perimeter world. The service has the peculiarity of being accessible in Italian and English, with the availability of the professional identified at times that make it usable also by colleagues in the group's branches.

Finally, to support the well-being of employees and create a more serene environment, SIT has continued to promote its corporate welfare policies dedicated to all Group employees, with measures dedicated to work flexibility, parenting support and specific benefits that contribute to improving the quality of working life.

Initiatives to support equal opportunities, diversity and inclusion

SIT is committed to ensuring respect for equal opportunities and to recognizing national and supranational laws in the performance of its activities to support and promote, with its internal and external stakeholders, a culture based on meritocracy, equality and respect for all kinds of diversity. In this sense, SIT has concretized its commitment by establishing rules and safeguards to enhance human capital, in its precious breadth and variety, not only through its ESG policies but also by adhering, sharing and applying the set of 10 fundamental principles established by the UN Global Compact. This commitment is reflected in the support of the strategic role that diversity and inclusion play within a managerial style aimed at enhancing the contribution of individuals in work groups, fostering a collaborative, inclusive and respectful work environment.

In this regard, to achieve the positive impact on all workers and to monitor the effectiveness of the actions, the Ethics and Equal Opportunities Committee (CEPO) of the SIT group was established in 2022 which, chaired by members of the Human Resources Department and the Governance & Legal Department, the President of the SIT Foundation and the head of the Compensation & Controlling area, continued its activity also in 2024. The Committee's mission is to develop and facilitate fair and transparent organizational decisions by promoting merit, inclusion and enhancement of diversity in a Culture of Sustainability. During 2024, CEPO continued with its activities, evaluating, managing and monitoring inclusion initiatives, implementation of ESG policies, actions to ensure gender equality, application of the Code of Conduct and definition of projects and best practices in issues related to Diversity & Inclusion and related policy.

As per the target of the Made To Matter Sustainability Plan, in April 2023, SIT obtained the Gender Equality Certification for SIT S.p.A. and MeterSit S.r.l., according to the UNI/PDR 125:2022 reference practice. During 2024, one year after obtaining it, the Company successfully passed the surveillance audit conducted by the certifying body KIWA. The Certification attests to SIT's corporate culture, which is rooted in the appreciation of people and their work, a place where everyone can find an environment that supports the pursuit of their ambitions and the realization of their potential within an inclusive and equitable context. The Certification, valid for three years, is consistent with the Made with Care pillar of SIT's Sustainability Plan dedicated to Social Responsibility, and is the result of a structured path in the direction of equity, equality and inclusion that has seen, and reconfirmed in 2024, the company virtuos in all areas covered by the certification: Culture and strategy; Governance; HR processes; Opportunities for growth and inclusion of women in the company; Gender pay equity; Protection of parenthood and work-life balance.

To consolidate the commitments made, and to have an increasingly positive impact on the entire workforce, the SIT group has updated the Hiring Policy and the Training Policy, described in more detail in paragraph S1-1, to ensure business processes that are openly aligned with the principles of inclusion, equity and merit throughout the Group's perimeter. At the same time, SIT implemented and applied a set of best practices and guidelines during 2024 in order to facilitate the strengthening of actions and behaviors in line with the values set out in its policies. By way of example: "Towards a more inclusive communication – Tips", "No woman no Panel, without women we don't talk about it" and "Guidelines for conducting interviews" avoiding discriminatory questions and keeping the entire recruiting process bias-free, starting with the so-called "blank" CVs, without indications that could suggest the gender of the candidate.

In addition, with a view to inclusion and enhancement of diversity, in 2024, the Human Resources Department launched the "SIT Connecting Cultures" initiative, a monthly newsletter published on the company intranet in Italian and English and sent by email to all employees. Through information columns, videos, insights and curiosities, this initiative has been built with the commitment to make the entire Group aware of the uses, customs, festivities and traditions of the different locations, promoting a shared sense of belonging and fostering mutual understanding between the people and cultures present in the different countries in which the SIT group operates. This initiative represented an important step in the company's path towards an increasingly inclusive work environment, also from an intercultural point of view.

In general, inclusion and equality are embodied in SIT in the creation of a work environment in which personal differences are perceived as a value and in which everyone is treated with equal respect, ensuring equal and inclusive access to opportunities and resources. SIT is committed to overseeing respect for all possible dimensions of diversity, promoting the sharing of differences, both within its business and in the local community, working for the dissemination of good practices and awareness, also for issues related to multiculturalism, age diversity and disability.

Initiatives to support training and skills development, and risk of dependency on key resources

SIT's strategy concerning training and development of its people has allowed the Company to have a positive and concrete impact on its entire workforce. In fact, the actions adopted over the years by the Group have clearly outlined the guiding criteria of human resources management processes and practices with the aim of generating a balance between company objectives and employee motivation, increasing performance, improving employee engagement and strengthening talent retention and attraction. In 2024, the development and training proposals maintained alignment with the hybrid organisational model

proposed in previous years, favouring different ways of participating, in person and remotely, thus ensuring greater opportunities for involvement and accessibility, also from different Group plants.

In 2024, in continuity with the previous year, the SIT group strengthened and enriched the training proposals of the Skills-Up digital academy: the innovative platform in which to take advantage of current, modern and interactive training courses divided into "pills" within broader programs, available in both Italian and English. Within the digital academy, three macro categories of content are developed: Corporate Culture, Individual Development and Group Compliance, to cover all ESG topics considered material according to the Company.

The Group continued to promote proactive self-development and learning agility behaviours, which are fundamental in a context characterised by rapid change and the need for upskilling skills to respond to business developments. In this context, through the enhancement of the platform's plug-ins, a catalogue of training courses aligned with the strategic skills for SIT has been made available.

The "Fast Track Training: Sustainability, Culture and Future" program, held by SIT's Mission Leaders, proved to be particularly relevant and had a material positive impact on employees. The webinars, which in 2024 involved various company functions, were designed to share the sustainability strategy, roles and actions that converge in the Made to Matter Sustainability Plan. Each session was customized according to the participants, with a targeted organization of the contents, calibrated to the departments involved and the skills of the audience.

To support the implementation of the Compliance Framework of company policies, courses aimed at disseminating and deepening the provisions contained therein have been maintained within the Digital Academy "Skills-Up!". In particular, courses on Gender Harassment in the Workplace, Human Rights and Diversity & Inclusion remained available on the platform. Although these courses were the subject of mandatory training in 2023, they remain accessible for new employees and to ensure continuity of information. In 2024, new mandatory courses were also introduced for all members of the SIT group with a digital identity, dedicated to: Environmental Sustainability Policy, Whistleblowing Policy, Code of Conduct and Anti-Corruption Policy.

In addition, thanks to the collaboration with prestigious Business Schools, recognized at the Italian and international level, programs of high technical and managerial specialization have been launched and completed, as well as Executive Masters and MBA programs. Colleagues from the Italian offices, coming from different company areas, explored specific issues related to their skills, including technological innovation, project management, and efficiency of production lines from an ergonomic perspective.

As regards the development of soft skills, dedicated workshops were organised in the Italian offices, involving colleagues from different company functions. Through participatory and experiential activities, such as group work and classroom games, these meetings stimulated cross-functional collaboration, encouraging the deepening of topics such as communication, proactivity, dialogue, agile mindset and positive change management.

The positive impact of SIT in this area does not exclude the identification of a material risk for the Company. In particular, as outlined in paragraph SBM-3, the SIT group identified a risk of dependency on key resources and the consequent loss of critical know-how. To mitigate this risk, the company has implemented specific initiatives, including those listed above, to prevent any operational and financial impacts. With this in mind, in 2024, the Company continued its commitment to sharing knowledge through internal Academies, under the Knowledge Sharing format. Some key colleagues have made themselves available as internal trainers, transferring their skills to colleagues, with a contribution aimed at reducing the risk identified. These training sessions not only enhance and make accessible the wealth

of skills of SIT people but also foster an environment of professional recognition, collaboration and sharing, contributing to the capitalization of organizational knowledge.

In addition, with a view to supporting and enhancing personal resources, individual coaching courses have been launched, aimed both at managers in transition to new roles of professional growth and at other company figures, offering an opportunity for continuous development and preparation for future challenges.

The monitoring and effectiveness of the actions undertaken in the field of training and development of human resources is entrusted at the Group level to the Training Committee, which meets periodically, while at the level of individual companies it is entrusted to the local HR functions.

[S1-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

With the general aim of implementing the values and principles contained in its Code of Conduct and in its Workforce Policies, the SIT group has established a series of targets in line with the Made to Matter plan and more specifically with the "Made with Care" Pillar, dedicated to Social Responsibility targets.

Target	Target perimeter	Base year Base value	Target / KPI	Target year
Provision of training related to the H&S Policy	Group	2024 N/A	100% of the population with a Skilla digital identity	2025
Reduction of the rate of employee workplace injuries	Group	2024 7.60	<3.50	2025
Reweighting of roles and updating the gender pay gap	Italy employees	2024 N/A	Conclusion of mapping at the Italian level	2026
Training delivery through Digital academy	Group	2022 N/A	Maintenance	2025-2027
IR (Internal Inclusion Rate) – measurement of satisfaction with the induction process	New Hires Italy	2023 >80%	Retention ≥80% per year	2025-2027
Gender Equality Certification	ITA	2023 N/A	Maintenance	2025
ISO 45001 Achievement	Production Plants Italy	2024 N/A	Obtaining certification	2027
Zero Gender Pay Gap among new hires	New Hires Group	2023 Zero Gender Pay Gap	Maintaining the Gender Pay Gap among new hires to zero	2027
ESG Targets on LTI and MBO	Group	2023 N/A	Maintenance of 100% population of assignees	2025-2027
OTR – Organization Talent Review Process	Group	2024 N/A	1 review every two years	2025-2027

The targets set by the SIT group for its workforce aim at the continuous improvement of company performance and the constant well-being of its people.

The process of defining targets in the Group's Human Resources Management is based on the performance achieved, integrating the analysis of priority issues, the initiatives developed over time, the results obtained and the comparison with benchmarks and best practices in the sector.

The targets defined by the company in this area are subject to periodic monitoring by the Human Resources Department, in collaboration with the Sustainability function. Based on the results obtained, any revisions or improvements to the policies, initiatives and services adopted by the company are evaluated.

In setting the indicators, the SIT group shall take into account any requests raised by its workforce as part of the engagement processes presented in paragraph S1-2. This allows not only to set goals that seek to respond to the actual needs of the workforce but also allows for the investigation of opportunities for improvement.

[S1-6] CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

As of December 31, 2024, there were 1,873 employees of the SIT group. Compared to the previous year, there was a change in the company population of -7%.

The quantitative information above regarding Group employees is expressed in terms of headcount and refers to Group employees as at 31 December 2024.

During 2024, 749 people were hired and 890 people left the Group, resulting in a turnover rate of 47.5%¹⁸, due to the fact that the expanding markets where SIT has some of its offices have employment dynamics with high turnover.

Number of employees by gender

Gender	2023	2024
Women	1,127	1,086
Men	887	787
Other	-	-
Not declared	-	-
Total	2,014	1,873

The total number of employees reported above is consistent with the total number of employees reported in the 2024 Financial Statements, which can be consulted in the Human Resources and Organization paragraph.

Number of employees in countries where the company has at least 50 employees representing at least 10 % of the total number of employees

Country	2023	2024
Italy	765	690
Romania	407	336
Mexico	169	212
Tunisia	272	284
Portugal	255	254

¹⁸Ratio between the number of employees who left the company and the total number of employees as of 31 December 2024

Number of employees by contract type, broken down by gender (in headcount)

	Women		Men		Other		Not declared		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Number of employees	1,127	1,086	887	787	0	0	0	0	2,014	1,873
Number of permanent employees	939	889	792	698	0	0	0	0	1,731	1,587
Number of fixed-term employees	188	197	95	89	0	0	0	0	283	286
Number of employees with non-guaranteed hours	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	1,066	1,047	879	782	0	0	0	0	1,945	1,829
Number of part-time employees	61	39	8	5	0	0	0	0	69	44

Number of employees by contract type, broken down by region (in headcount)

	Italy		Europe		Americas		Asia/Pacific		Africa		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Number of employees	765	690	749	625	175	217	53	57	272	284	2,014	1,873
Number of permanent employees	761	689	709	582	175	217	53	56	33	43	1,731	1,587
Number of fixed-term employees	4	1	40	43	0	0	0	1	239	241	283	286
Number of employees with non-guaranteed hours	0	0	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	724	655	721	616	175	217	53	57	272	284	1,945	1,829
Number of part-time employees	41	35	28	9	0	0	0	0	0	0	69	44

[S1-8] COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

As outlined in SBM-3 and S1-4, SIT guarantees social dialogue and freedom of association and is committed to managing relations between Society, workers and trade unions in a positive way and mitigating the possible negative impact that an inadequate management of dialogue, combined with the current negative market situation, could entail.

93% of the Group's employees are covered by forms of collective bargaining. Employees not covered by forms of collective bargaining are, in any case, guaranteed the same working and employment conditions established by the CCNL in force in Italy and by the relevant international standards.

Collective bargaining coverage and social dialogue

Coverage Rate	Collective bargaining coverage	Social dialogue
	Employees – EEA (only countries with >50 employees representing > 10% of total employees)	Workplace Representation – EEA (only countries with >50 employees representing > 10% of total employees)
0-19%		Portugal
20-39%		
40-59%		
60-79%		Italy
80-100%	Italy, Romania, Portugal	Romania

[S1-9] DIVERSITY METRICS

The majority of the SIT group's workforce consists of women, who represent 58% of total employees. Below is the age distribution of the Group's employees and the gender distribution within Top Management.

Distribution of employees by age group

Number of employees	2023	2024
Under 30 years old	302	270
% of employees under 30 years of age	15%	14%
Between 30 and 50 years old	1,037	972
% of employees aged 30-50	51.5%	52%
Over 50 years old	675	631
% of employees over 50 years old	33.5%	34%

Gender distribution at senior management level

Number of employees at top management level	2023	2024
Women	4	4
% of total at top management level	10%	12%
Men	35	29
% of total at top management level	90%	88%
Total	39	33

[S1-10] ADEQUATE WAGES

To be further competitive and attract a greater number of talents, SIT tends to position itself in salary ranges higher than the basic salary of the reference country. All the SIT group employees, in all locations, receive an adequate salary, in line with both the applicable benchmarks of local regulations and the ESRS guidelines.

[S1-14] HEALTH AND SAFETY METRICS

The Health and Safety Management System within the SIT group is structured and implemented following the requirements of the relevant international standards. The Group's Health and Safety Policy, drawn up in compliance with the main national and international standards, helps to provide clear guidelines to mitigate risks, prevent accidents and ensure the health and safety of the Group's entire workforce.

100% of the SIT group employees, regardless of the type of contract and any other factor, are covered by a structured occupational health and safety management system.

Below are the metrics related to Health and Safety in the SIT group concerning the number of injuries and deaths among employees¹⁹.

Number of accidents and accident rate

	2023	2024
Number of deaths in its workforce due to work-related injuries and illnesses	0	0
Number of deaths due to occupational accidents and diseases of other workers working on the company's sites	0	0
Number of work-related accidents that can be recorded for their employees	11	25
Rate of recordable workplace injuries for its employees ²⁰	3.19	7.56

¹⁹ Metrics related to non-employee workers, occupational diseases, and days lost due to injuries, accidents, fatalities, and occupational diseases have not been reported as they are subject to phase-in.

²⁰ The recordable injury rate is calculated as the ratio between the number of recordable injuries and the total number of hours worked by employees during the same period, multiplied by 1,000,000.

[S1-16] COMPENSATION METRICS (PAY GAP AND TOTAL COMPENSATION)

The Gender Pay Gap detected, equal to 25% in the Italian offices of SIT S.p.A. and 52% at Group level²¹ (44% if normalized by applying the Price Level Index published by the World Bank) is mainly attributable to the demographic and functional distribution of personnel, as well as to a historically consolidated employment structure. In particular, there is a significant concentration of female resources in countries with low labour costs, characterized by lower average wage levels. The company has embarked on an evolutionary path aimed at promoting greater gender equality through initiatives aimed at career development and the enhancement of female talent in all company functions.

Below is a tabular representation of the gender distribution by professional category and by type of country of belonging, classified as high²², medium²³ or low income²⁴.

WOMEN	Workers	Employees & Executives	Total
Low-income countries	51.8%	5.6%	57.5%
Middle-income countries	11.4%	4.8%	16.2%
High-income countries	16.9%	9.5%	26.3%
Total	80.1%	19.9%	100.0%

MEN	Workers	Employees & Executives	Total
Low-income countries	14.6%	11.8%	26.4%
Middle-income countries	5.3%	11.2%	16.5%
High-income countries	23.1%	33.9%	57.1%
Total	43.1%	56.9%	100.0%

The Total Remuneration Ratio is also reported, corresponding to the ratio between the total annual remuneration of the Chief Executive Officer and the median total annual remuneration of the employees of the SIT group, which corresponds to 1:62²⁵.

²¹ The presented metric is derived by recalculating the sum of fixed and variable remuneration on an hourly basis, using the legal divisor established by local practices where applicable, or alternatively by considering workable hours.

²² Within the high-income countries cluster, the companies located in the following countries have been included: Italy, the United Kingdom, Australia, Canada, the Netherlands, the Czech Republic, Germany, and the United States.

²³ Within the middle-income countries cluster, the companies located in the following countries have been included: Portugal and China.

²⁴ Within the low-income countries cluster, the companies located in the following countries have been included: Tunisia, Romania, and Mexico.

²⁵ The calculation takes into account both fixed and variable components of remuneration, including an estimate of the long-term incentive value and the valuation of welfare benefits and in-kind compensation. For employees working in production cycles, an average based on the accounting values recorded in 2024 was used, while for office staff, individual data were collected and adjusted to include any collectively accounted remuneration elements.

[S1-17] INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

The Company undertakes to promptly identify and address any incidents or violations of human rights against all its people. These may include incidents of discrimination based on gender, ethnic origin, nationality, religion, belief, disability, age, sexual orientation, or any other form of significant discrimination. In addition, the Company urges all its employees, who become aware of or are victims of such episodes, to report the incident through the reporting channels provided for in the Group Whistleblowing Policy and detailed in the chapter 4.1. ESRS G1 of this document. During 2024, no complaints were received through the reporting channels set up internally²⁶. However, a report was received from outside the designated channels and referred to conduct potentially attributable to harassment or discrimination. The company promptly took action to investigate the case. At the time of this Declaration, the procedure is still being investigated by the competent structures, and no compensation payments have been recorded. It should be noted that no serious human rights incidents were recorded within the Group during the reporting year, nor were any fines or sanctions received in this regard.

²⁶ In 2024, the legal proceedings initiated by a former employee concerning a dismissal for which allegations of discrimination had been raised, as mentioned in the SIT group's 2022 Non-Financial Statement, were concluded with a satisfactory outcome for the company, as no liability was attributed to the organization.

3.2. ESR S2 Workers in the value chain

[S2-SBM3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

The SIT group is aware of its actual and potential impacts on the value chain and, consequently, on all the people who are part of it. For this reason, it recognizes its responsibility to help ensure that every worker along the supply chain operates in safe, dignified and human rights-respecting conditions.

In this context, the term "value chain workers" includes workers employed by suppliers, subcontractors, business partners and all the companies involved in production, logistics and distribution processes.

Through the Double Materiality process described in paragraph IRO-1, the Company has identified some potential human rights impacts that may transversally affect all workers along the value chain, without exclusions or particular exposure to impacts. The Group recognises the connection of tangible IROs with the Company's business model and, consequently, the corporate strategy is also guided by the prevention of impacts and the mitigation of risks, in line with the principles of social responsibility.

Among the topics identified as material, SIT has identified as relevant the health and safety of workers in the value chain, their safe employment and human rights topics in the value chain: child labour and forced labour. The Company's double-materiality analysis indicates that the risk of human rights violations within its value chain is considered low. As the Group and its value chain operate internationally in different geographies, in addition to geopolitical risks, critical issues related to child labour and forced labour may emerge. For this reason, the SIT group is committed to selecting and sourcing only mineral-free materials from conflict zones, thus avoiding indirectly contributing to possible human rights violations. In general, the company adopts a proactive approach to risk prevention on these topics, monitoring its value chain, conducting audits at suppliers' premises, and, at the same time, adopting all current regulations on the subject, overseeing compliance with international standards for the protection of human rights.

Despite this, the Company is aware of the need to oversee these issues and of the possibility, even if remote, of isolated events occurring. Such events could, even if they do not depend directly on the Company, compromise its integrity, values and fundamental principles of social responsibility of which it has been a spokesperson for years. The Company, about workers in the value chain, has identified significant risks in relation to safe employment and health and safety, while at the same time, it has not identified material opportunities. Below is a description of the impacts and risks identified concerning workers in the SIT group's value chain.

MATERIAL NEGATIVE IMPACTS²⁷

Secure employment of workers in the value chain

The SIT group is aware of the potential negative impact that could be generated on suppliers or subcontractors who have SIT as their predominant customer. These partners, in the event of a significant demand reduction, may find themselves in need to downsize their activities, with direct impacts on employment and workers' economic security.

²⁷ The material negative impacts mentioned in the paragraph are general and not related to specific incidents. Furthermore, they do not stem from the transition towards greener and climate-neutral operations.

Workers' health and safety in the value chain

Any workplace injuries or accidents within the SIT group's value chain can have significant impacts on the health and safety of workers in the value chain. Inadequate health and safety management at supplier locations may result from suboptimal operating conditions, improper use of equipment, or failure to take adequate prevention and protection measures. In addition to the negative impact on the workers involved, these incidents can compromise the production continuity of the value chain, generate additional costs for the companies involved and affect the overall reputation of the supply chain.

Child labour

Any case of employment of child labour, within the value chain would represent a serious violation of human rights, compromising the health and development of the children involved. For the SIT group and its value chain, the possibility of such a situation occurring is to be considered remote, both because of the attention paid to the topic by the Company in the selection of suppliers and business partners, and because of the nature of its business. The company, while operating in full compliance with the regulations in force and using a quality supply chain in all respects, is aware of the negative impact that could derive from such a scenario, and for this reason it is committed to maintaining high standards of vigilance to be ready to act appropriately in case of need.

Forced labour

Any case of forced or compulsory labour use within the Group's value chain would constitute a serious violation of human rights. The risk of cases of forced labour occurring in SIT's value chain is to be considered remote, both because of the attention paid to the topic by the Company and because of the nature of the business and the geographical locations in which the Group's sites are located. Despite this, the Company, also in this case, is aware of the seriousness of the impact of such a scenario and is committed to maintaining high standards of supervision in this regard.

MATERIAL RISKS ²⁸

Labour law risks arising from relationships with subcontractors

As part of its Double Materiality analysis process presented in paragraph IRO-1 of this document, SIT has identified a risk in relation to safe employment with its suppliers/subcontractors. In fact, the relationship with suppliers or subcontractors for whom the SIT group represents the main or almost sole customer may involve labour law risks in the framing of the existing relationship between the parties, with possible legal, economic and reputational implications. In the event of a significant reduction in production volumes, the suppliers in question could find themselves in a situation of instability, up to the point of having to cease their activity. In such a context, legal disputes could arise against the SIT group, with requests for recognition of possible joint liability or disputes related to an alleged economic subordination. In terms of reputation, any disputes could negatively affect the Group's image, especially

²⁸ The material risks presented in this paragraph specifically concern the workers within the SIT group's value chain who are employed by subcontractors or supplier.

in a context in which responsible supply chain management is an increasingly important issue for investors, customers and institutional stakeholders.

Inadequate management of occupational safety at suppliers

The SIT group identified as a material risk the fact that ineffective management of occupational safety by the Company's suppliers can be a critical factor within the value chain, increasing the possibility of accidents and injuries among workers employed in production and supply activities on behalf of the SIT group. In general, failure to adopt adequate safety protocols, failure to comply with current regulations or the absence of systematic controls could lead to potential negative consequences for both workers in the value chain and the SIT group. In particular, if such events occur at strategic suppliers or single suppliers, the SIT group could be forced to face interruptions in supplies, delays in production processes and difficulties in ensuring business continuity. In addition, serious incidents or situations of non-compliance could generate significant reputational impacts, putting the image of the Group and the entire value chain at risk.

[S2-1] POLICIES RELATED TO VALUE CHAIN WORKERS

In order to prevent potential harmful practices related to workers in the value chain, the SIT group has addressed its Human Rights Policy, Health and Safety Policy and Code of Conduct also to all suppliers and business partners of the SIT group. Within the Health and Safety Policy, for details please refer to paragraph S1-1 of this document, the SIT group recognizes the importance of ensuring health and safety conditions not only within its plants, but also throughout the supply chain, ensuring that suppliers and partners comply with adequate safety standards. Within both the Human Rights Policy and the Code of Conduct there is the explicit rejection of child labour, human trafficking and forced or compulsory labour. As regards the details of the commitments undertaken and the principles pursued, as well as the general approach regarding respect for human and labour rights, their involvement, and mechanisms to remedy and/or enable potential impacts to be remedied, please refer to paragraphs S1-1 and G1-1 of this document, as the provisions contained in the Human Rights Policy and the Code of Conduct regarding human rights apply equally to both employees and workers in the value chain.

In addition, within the Group's so-called "Compliance Framework", there is the Code of Ethics for suppliers and third-party intermediaries, a tool that defines the basic principles to which subjects, natural or legal persons, are required to comply in providing goods or services, or intermediation activities to the SIT group, also concerning human rights, the implementation of which is the responsibility of the Departments of each Business Unit. The provisions of the Code of Ethics for suppliers and third-party intermediaries constitute a specification of the Group Code of Conduct drawn up in 2023, the latter has in fact incorporated in a single document the provisions on conduct intended for all Group stakeholders. The Code of Ethics for suppliers and third-party intermediaries is provided to all suppliers in the qualification phase, and a signature is required to prove adherence to the principles set out. The document is, in any case, available to all Group stakeholders through the Company's official communication channels.

In addition, in 2024, there were no reports of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, involving workers in the SIT group's value chain, either upstream or downstream.

[S2-2] PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

The SIT group, to manage the impacts and risks that emerged with the IRO analysis on the workers in the supply chain, as well as to establish fruitful relationships and collaborations with all the players within its supply chain, embraces an approach of involving the workers of its suppliers, through their representatives, to pursue sustainability together, the quality and safety of products and processes.

SIT promotes the continuous improvement of the performance of its suppliers and is committed to involving them throughout all phases of product and process innovation projects that concern them. Involvement takes place through consultation and on a regular basis, with a view to strategic partnership. In order to guarantee shared values, SIT undertakes to involve suppliers through the transmission of the Code of Conduct and the Code of Ethics for Suppliers and Third-Party Intermediaries in the qualification phase, at the beginning of the collaboration relationship. Also with this in mind, SIT's ESG Policies applicable to suppliers are made available permanently through the company's official communication channels. In addition, as part of the development of new shared projects, the procurement team includes the New Products for Supply Chain function, which has the task of representing the suppliers' point of view from the beginning of the project within the new product development tables. The responsibility for ensuring the involvement of suppliers, and consequently of their workers, lies with the Departments of each BU.

As part of the audit of suppliers operating under the subcontracting regime for SIT, which are carried out involving the sales representatives and/or the quality function of the suppliers, inspections are carried out to verify compliance and compliance with the main regulations in force on health and safety, human rights, environmental protection and, among these aspects, workers are also taken into consideration who may belong to groups considered particularly vulnerable. During these inspections, the effectiveness of supplier engagement activities is also assessed.

[S2-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

The SIT group is committed to responsibly managing any actual material negative impacts on the workforce in the value chain, whether it is directly responsible or indirectly contributes to it. The process for remedying negative impacts involves identifying and analyzing the impact, discussing it with representatives of the stakeholders involved, and, if necessary, identifying mitigation, corrective, and/or sanctioning interventions. The Company is committed to ensuring that the measures taken effectively respond to the mitigation and remediation of the identified negative impacts.

The Group encourages all its stakeholders, including workers in the value chain, to actively engage in the detection and prevention of misconduct. In this regard, as already mentioned, in 2024 it implemented a Whistleblowing reporting platform, through which stakeholders can communicate their concerns directly to the company, report improper conduct and, possibly, receive assistance in this regard in a completely anonymous manner and without possible retaliation. The Whistleblowing channel, provided directly by the company, guarantees confidentiality and adequate support in the management of reports.

The control and monitoring of the issues raised and addressed, as well as the verification of the effectiveness of the channel, is entrusted to the Governance & Legal Department in agreement with the HR Department and the Group Internal Auditor.

During 2024, SIT group established the reporting mechanism and the Whistleblowing Policy that regulates it and guaranteed its full availability through the company's official communication channels and through a special link within the dedicated section of the company's corporate website. The provisions contained in the Policy are, in fact, intended for all the Company's stakeholders, with the intention also of inspiring and encouraging all its suppliers and partners to adopt appropriate reporting mechanisms. For a detailed description of SIT group's Whistleblowing reporting mechanism, including the mechanisms against retaliation, please refer to chapter 4.1. ESRS G1 .

[S2-4] TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTION

The SIT group promotes a culture of sustainability and is committed to preventing significant impacts and risks relating to workers in the supply chain identified as such by the Company through the Double Materiality analysis set out in paragraph IRO-1 of this document, through a structured supplier management system, oriented towards compliance with ethics and compliance with ESG practices, as well as on the development of stable relationships, the pursuit of safety, innovation and technological development throughout the supply chain. As also specified in paragraph G1-2 on Supplier Relationship Management, during 2024, the SIT group continued the orientation adopted in 2023, strengthening the involvement of suppliers, their assessment, and consequent selection by increasingly focusing on ESG criteria, through ad hoc assessments and audits.

Concerning the identification of the necessary or suitable actions in response to a particular negative impact, whether actual or potential, on workers in the value chain, the SIT group makes use of the guidelines contained in the so-called Compliance Framework put in place by the Company through its ESG policies and procedures, as well as the expertise and assessments of the Supply Chain Department in concert with the Quality Department, the Governance & Legal Department and the Company's management. In general, the SIT group is committed to ensuring that its practices do not generate or contribute to significant negative impacts on workers in the value chain, through strict compliance with its policies on the subject, as presented in paragraph S2-1. However, if during audits and inspections at suppliers' premises, critical issues or negative impacts are highlighted and the Company's responsibility is recognized, the SIT group undertakes to protect workers in the supply chain, starting a dialogue with their contact persons to jointly identify the most appropriate corrective or mitigating actions. The goal is to reduce risks and turn any negative impacts into opportunities for improvement. To this end, the SIT group invests the resources that, from time to time and following dedicated analyses, are deemed appropriate, with a view to responsible growth and continuous commitment to well-being and social sustainability.

ACTIONS ON MATERIAL NEGATIVE IMPACTS AND APPROACHES TO MITIGATING RELATED RISKS

Safeguarding Employment Stability in the Supply Chain

Aware of its potential negative impact on workers in the supply chain resulting from a significant reduction in production volumes, particularly in the case of suppliers for whom SIT is the sole or main customer, and to mitigate the resulting labour-related risks associated with relationships with subcontracted suppliers, the SIT group is committed to adopting a proactive approach. This approach is founded on strategic supply planning, continuous monitoring of supplier relationships, and open, ongoing dialogue with its supply chain partners.

In particular, during the supply planning and review phases, the SIT group includes among its evaluation criteria the identification of solutions aimed at ensuring greater operational stability for the most exposed suppliers, to promote a transition that is as gradual and predictable as possible in the management of orders. In this regard, the company maintains constant dialogue with strategic suppliers, supporting them, where possible, in adopting practices aligned with SIT's long-standing commitment to corporate social responsibility and ESG values, thus fostering responsible practices across the entire supply chain.

Moreover, the SIT group closely monitors compliance with labour regulations in its supplier relationships, to detect potential negative impacts in advance. This preventive approach is intended to reduce the risk of legal disputes and safeguard both suppliers and the workers involved in the value chain.

Protection of Health, Safety, and Human Rights in the Value Chain

The SIT group acknowledges its responsibility in promoting safe working conditions and respect for human rights throughout the entire value chain, particularly among its suppliers. For this reason, SIT adopts a structured approach aimed at preventing and mitigating negative impacts, whether actual or potential, related to workers' health and safety, as well as fighting all forms of exploitation and human rights violations, including child labour and forced labour.

Concerning health and safety in the value chain, SIT is aware that workplace accidents represent a concrete possibility in any production context. Although no significant events directly involving the company have been detected or reported, the risk of workplace injuries remains an identified and non-negligible factor. For this reason, even though the SIT group has not needed to take action to manage specific situations, the impact has been classified as actual. In any case, SIT is committed to monitoring and promoting safe working conditions within its supply chain and to adopting the necessary measures to prevent, mitigate, or address any critical issues that may arise from recognised responsibilities on the part of SIT.

To this end, the SIT group is committed to working with suppliers who adopt adequate standards and effective measures for the protection of their workers. The company conducts monitoring activities through on-site audits and active dialogue, promoting continuous improvement of safety conditions in the workplace. At the same time, the Group maintains a zero-tolerance policy towards child labour, forced labour, and, more broadly, any human rights violations, including those within the supply chain. SIT requires its partners to adhere to its values as outlined in the company's Codes of Conduct and ESG policy, binding them contractually to comply with applicable regulations and with the ESG and social responsibility commitments the company has undertaken over the years.

It should be noted that in 2024, no serious issues or incidents related to human rights violations in the value chain, upstream or downstream, were reported. Should a negative impact be reported or identified, the SIT group commits to engaging directly with the supplier involved to encourage them to mitigate and/or remedy the impact, as well as to introduce or strengthen appropriate prevention measures for the future. In particular, the Company's approach consists of clearly communicating its expectations, urging the supplier to take the necessary actions to resolve the issue and ensure adequate compensation to any workers in the value chain who may have been affected.

In general, if situations arise that may suggest violations or improper conduct, whether related to health and safety or human rights, SIT implements targeted interventions adapted to the specific needs of the case. These may include extraordinary audits and inspections, the opening of a dedicated dialogue with the suppliers involved, and, in the most serious cases, the unilateral termination of the business relationship.

More specifically, within the supplier auditing process for contractors working on behalf of SIT, site inspections are carried out to verify compliance with applicable health and safety regulations, as well as adherence to ESG principles. The Company has adopted and shared with its suppliers a structured process aimed at raising awareness and supporting them in the effective management of ESG aspects, helping to prevent and mitigate potential negative impacts arising from outsourced activities.

This process unfolds through several phases, designed to ensure responsible supply chain management and promote a more sustainable approach. The first phase involves clearly communicating the standards

SIT requires from its business partners, not only in terms of product and service quality, but also regarding Human Rights, Health and Safety, Diversity and Inclusion, workers' protection, and, more generally, ESG responsibility. At the same time, an in-depth assessment is carried out to evaluate the supplier's ability to meet ESG standards and requirements. Monitoring takes place both during the qualification phase and throughout the business relationship, allowing for ongoing risk control and impact prevention.

Additionally, SIT actively supports subcontracted suppliers in the continuous improvement of their performance by promoting greater accountability and autonomy. This is done through dedicated technical training sessions, which also help enhance their innovation capacity.

Furthermore, in line with a continuous improvement approach and to promote a culture of sustainability across the upstream supply chain and mitigate negative impacts, SIT launched in 2023 a structured initiative to assess and monitor the sustainability practices of its suppliers through EcoVadis, a project that has successfully continued in 2024. This initiative stems from the desire to ensure high ESG standards across the supply chain, identifying areas for improvement and mitigating potential risks related to sustainability and impacts on health and safety, decent work, and human rights.

After an initial onboarding phase, during which suppliers were introduced to the evaluation methodologies and tools, the Company entered the operational phase of the project with the support of EcoVadis. Through the agency's collaborative platform, SIT can systematically monitor the sustainability performance of its suppliers in the Heating & Ventilation Business Unit. The tool provides comprehensive analysis across various key areas, including certifications obtained, management systems in place, sustainability policies, working conditions, human rights, environmental protection, business ethics, and responsible supply chain management. Based on detailed, supplier-specific analysis, SIT can identify potential risk areas in its supply chain, assess the level of compliance with ESG best practices, and, where needed, request corrective actions.

Moreover, the use of EcoVadis facilitates dialogue and engagement with suppliers, promoting a collaborative approach. By the end of 2024, SIT had reached 57% of strategic suppliers assessed as part of this initiative.

In addition to assessing its suppliers, the Company also challenges itself through this process of analysis and improvement and has recently confirmed, for the second consecutive year, its EcoVadis Gold Medal, a testament to the Company's strong commitment to sustainability. The approach adopted by SIT in this area not only strengthens the transparency and reliability of its supply chain but also contributes to the dissemination of responsible practices across the value chain, encouraging all stakeholders to adopt increasingly high standards of environmental, social, and governance responsibility.

[S2-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Concerning the management of potential impacts along its value chain, and with the broader target of ensuring a responsible and sustainable approach, the SIT group has defined a set of targets aligned with its Sustainability Plan “Made to Matter.” These targets aim to concretely translate the values and principles expressed in the Group’s ESG policies and Code of Conduct, documents intended for all actors in the value chain and, by extension, all their workers. The targets related to the value chain are specifically included within the context of the “Made for Future” pillar.

Targets	Target perimeter	Base year Base value	Target / KPI	Target year
Provision of technical training for subcontractors	Third-Party Suppliers – Italy	2024 N/A	Maintenance	2025-2026
Project for the assessment of direct strategic suppliers through the EcoVadis platform	Strategic Suppliers Heating & Ventilation (H&V)	2023 25%	Evaluation of 75% of strategic suppliers H&V	2025

The process of setting targets regarding the management of the Group’s supply chain is based on an analysis of the performance achieved, aligned with the Group’s aspirations and commitments, as well as on the evidence gathered from engagement and evaluation activities within the supply chain. This process has allowed the identification of relevant issues, lessons learned, improvement opportunities, specific needs, and situations requiring particular attention.

The targets defined by the company in this area are subject to periodic monitoring by the Supply Chain Management and Quality Management, in collaboration with the Sustainability function. Specifically, the progress of these targets is monitored through supplier performance checks, utilizing both dedicated audits and evaluation and monitoring activities, such as EcoVadis. Based on the results obtained, potential revisions or improvements to the policies and initiatives adopted by the company are assessed.

3.3. ESRS S4 Consumers and End-users

[S4-SBM3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

For the SIT group, quality and safety are fundamental and non-negotiable aspects of its way of doing business. The SIT brand has long been associated with the quality and safety of its products, a value recognized and appreciated by customers and partners, with whom the company collaborates to maintain high and acknowledged standards.

Ensuring high standards at every stage of the production process is not only a commitment to customers, but also a principle of social responsibility toward end users. For SIT, Customer Orientation is a core business value, expressed in the company's drive to meet, and, where possible, exceed, customer expectations. Customer satisfaction is, in fact, the compass that guides the Group's strategies, policies, and actions, leading every business decision, prioritizing the production of safe and high-quality products, while also ensuring careful consideration of social and environmental impacts.

Although SIT operates in a B2B model and does not have direct contact with end users, as it manufactures components and products to be integrated into final systems and appliances assembled and/or installed by other companies, the Group is fully aware of its actual and potential impacts, both positive and negative, on all customers and end users. It also recognizes the risks or opportunities these impacts may entail, without any particular exclusions or vulnerabilities among certain user groups.

Customers and end users of the SIT group products need clear and accessible product information to avoid potentially improper use that could pose risks to health and safety. In this regard, through the Double Materiality process described in section IRO-1, the company has identified impacts, risks, and opportunities related to topics such as access to quality information and the health and safety of end users, which are presented below.

MATERIAL NEGATIVE IMPACTS

Health and safety of end users of the products

The products of the SIT group, particularly those from the Heating & Ventilation Business Unit, are safety-critical components of the appliances in which they are installed. As such, they are subject to a rigorous quality control system and accident prevention measures, aligned with technical and market standards. Despite following a detailed and well-established safety and quality protocol, the Company acknowledges the possibility that unforeseen situations may arise that could compromise the safety of end users. Although such occurrences are unlikely, thanks to continuous monitoring and preventive attention, they are still carefully considered and assessed from a social responsibility perspective.

MATERIAL POSITIVE IMPACTS

Access to quality information

The SIT group is committed to ensuring the quality and reliability of consumption-related information transmitted by its connected products, in line with high standards that meet both regulatory requirements and market expectations.

As a manufacturer of gas and water meters, through its Smart Gas Metering and Water Metering Business Units, the Company offers smart solutions that accurately measure consumption and enable end users to monitor it.

These products, during their use phase, promote greater awareness among end users about their consumption patterns, while also supporting a more responsible management of resources. The result is a tangible positive impact, as it helps end users reduce waste.

In fact, continuous consumption monitoring facilitates resource savings, thereby contributing to sustainability and the responsible use of natural resources.

MATERIAL RISKS

Risk related to the pace of innovation

As part of the analysis presented in section IRO-1 of this document, the SIT group has identified a risk associated with access to high-quality information. In particular, the continuous evolution of technological innovations, especially in the communication protocols used for data transmission in the gas and water metering systems market, represents a significant challenge for the Company.

Indeed, the ongoing technological progress in communication protocols and smart monitoring systems may pose a risk of obsolescence for currently available products, potentially reducing market competitiveness.

The need to adapt to these evolving challenges may require complex interventions along the value chain, and such changes could entail significant investments both in the development of new products and in the overall adaptation of the company's structure.

Risk related to product quality

As part of the analysis conducted through the IRO process, the SIT group has identified a risk, even if remote, related to the health and safety of end users of products that incorporate components manufactured directly by the Company. Specifically, undetected or improperly managed quality defects could lead to malfunctions in the final products, potentially having a negative impact on the health and safety of end users.

Although this scenario is mitigated by a rigorous quality control and defect prevention system, it could expose the Company to legal risks, compensation claims, and reputational damage. Moreover, such issues could result in product recalls from the market, undermining customer trust and negatively affecting business prospects.

While the likelihood of this risk is considered relatively low, given the close attention devoted to quality and safety, its potential impact cannot be underestimated, especially considering the critical role played by both the components manufactured by the Company and the final products into which they are integrated.

MATERIAL OPPORTUNITIES

Expansion and innovation through the development of Smart Meters

Concerning the topic of access to high-quality information, the SIT group, in addition to the risk outlined above, has identified a key strategic opportunity connected to the development of intelligent meters, or "Smart Meters," for monitoring gas and water consumption.

The development of these devices, designed and engineered by the Company to deliver accurate, reliable, user-friendly, and high-quality data, represents a strategic opportunity to strengthen the Group's competitiveness and expand its market presence.

Innovation in metering systems not only enables the Company to improve and diversify its product offering but also opens up new growth prospects in emerging markets and adjacent sectors. In this regard, the ability to provide high-quality information fosters the creation of synergies by promoting strategic partnerships and alliances.

For the SIT group, investing in this direction can effectively support business growth while enhancing long-term profitability.

[S4-1] POLICIES RELATED TO CONSUMERS AND END USERS

The SIT group's policies concerning the management of material impacts, risks, and opportunities for customers and end users of its products also focus on the topics identified as material through the Company's Double Materiality analysis: access to high-quality information and the protection of users' health and safety.

Among these policies, the Code of Conduct, further detailed in sections S1-1 and G1-1, defines the Company's commitment to product quality and safety, following strict regulatory standards. The Human Rights Policy, outlined in section S1-1, extends its provisions to business partners as well, underscoring SIT's commitment to upholding human rights throughout the entire value chain.

Additionally, the Environmental Sustainability Policy, described in section E1-1, reaffirms the Group's commitment to high standards of quality and safety for both people and the environment across all phases of the product life cycle. The Quality Policy, detailed below, sets the standards adopted to ensure the reliability and safety of the products offered.

These policies apply to all customers and end users of SIT group's products.

Lastly, no violations have been identified concerning the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises concerning consumers and end users, either upstream or downstream along the SIT group's value chain.

Quality Policy

The SIT group's Quality Policy is composed of three distinct documents, each drafted and published by the respective Business Unit within the Group. The common objective shared by all three documents is the satisfaction of customer needs and expectations, achieved through the involvement of all company departments and the continuous improvement of products and processes.

Through this policy, the Group commits to ensuring compliance with applicable industry regulations, the Group's ethical principles, and any additional standards or regulations it voluntarily adopts. Moreover, SIT prioritizes product safety and reliability, as well as process efficiency, which is essential to ensure competitiveness and pursue sustainability.

A further key aspect is the commitment to analyzing the context in which the Group and its Business Units operate, adopting a proactive approach to managing impacts and risks, particularly regarding the health and safety of end users. The aim is not only to address any identified issues, but above all, to prevent and mitigate them by minimizing defects and non-conformities.

Additionally, the Group is committed to maintaining high-quality standards while carefully managing internal costs to optimize resources and performance.

The SIT group's Quality Policy applies to all three Business Units, to departments, and to all activities necessary to ensure product quality, safety, and reliability.

To ensure maximum awareness and dissemination across all organizational levels, the Policy has been made available through the Group's internal communication channels and posted on bulletin boards at the various production sites. The BU Directors of each Business Unit are directly responsible for its implementation and for monitoring related activities.

The Policy has been drafted following the requirements of the UNI EN ISO 9001 quality management standard and complies with all applicable national and international regulations for the Group's products.

[S4-2] PROCESSES FOR ENGAGING WITH CUSTOMERS AND END-USERS ABOUT IMPACTS

As previously stated, the SIT group does not have direct contact with the end users of its products, as it operates in a B2B context and manufactures components and products that are intended to be integrated into final products or systems assembled and/or installed by other companies.

Nevertheless, SIT actively listens to and engages with its clients both during the design phase of new products and in the customization of existing ones, throughout the sales relationship and the improvement of production processes, as well as through customer satisfaction monitoring, in order to identify their needs, interests, and potential concerns.

The SIT group works in synergy with its clients with the aim of bringing excellence into its production lines, enabling data processing at the source, and ensuring that information is both accessible and secure. The objective is to develop, together with its clients, solutions that add value to the final products, ensuring they are safe and compliant with the highest reference standards.

As a result, the engagement of end users takes place indirectly, through the involvement of the Company's clients, who are familiar with their needs and perspectives. Each Business Unit within the SIT group holds operational responsibility for ensuring that this engagement occurs and that its outcomes guide the company's approach.

[S4-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

If the SIT group is found to be involved, it is committed to responsibly managing the mitigation of any significant negative impacts on customers and end users. In general, the process to remedy any potential negative impacts which the company may have contributed begins with an analysis of the impact itself, using the feedback and reports collected through the mechanisms established by the company. Once the impact is acknowledged, a root cause analysis, covering both direct and indirect causes, is carried out to identify the necessary corrective actions and possible solutions.

In 2024, the Group implemented a Whistleblowing reporting platform, in compliance with the Group's Whistleblowing Policy. This platform is made available directly by the company through its official communication channels. It allows any stakeholder of the Group, including customers and, potentially, end users if needed, to anonymously and safely raise concerns or reports regarding alleged misconduct, without risk of retaliation, concerning all topics governed by the Group's Policies and Code of Conduct. For a detailed description of the Whistleblowing mechanism, please refer to Chapter 4.1. ESRS G1 – Business Conduct.

Moreover, regarding the handling of specific complaints or reports from customers, the Group has established a Customers Quality function within its organizational structure. This function serves as a reference point for all customer communications, carrying out thorough analyses of reported defective products and providing detailed responses through the 8D methodology, which allows for the clear communication of identified causes and solutions. Thanks to the Group's extensive technical know-how, and in a spirit of responsibility and continuous quality improvement, customers are also supported in resolving system-related issues, even when these do not directly stem from SIT group products. The availability of this function is communicated to customers during the contractual phase.

Given the SIT group's position within the value chain, while the reporting channels are also accessible to end consumers, it is rare for them to submit reports directly, as they typically address their concerns to their primary points of contact, such as installers or retailers.

[S4-4] TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

In order to effectively manage material impacts and risks related to its customers and end users, over the years, SIT has implemented a structured and certified Quality Management System, committing to the pursuit of the best technological and manufacturing solutions to ensure the highest quality standards for its clients. For this reason, in-house production represents a strategic element of SIT's business model, enabling direct control over all phases of the production process that may affect product quality.

Building on this foundation, and through the engagement processes and reporting mechanisms described in the previous sections, SIT identifies the appropriate actions in response to actual or potential negative impacts on its customers and end users. The Group also relies on the guidelines provided in its internal policies and within its ISO 9001-certified Quality Management System, as well as the expertise and assessments of the Quality Department, in close collaboration with the BU Directors and company management.

Among the first companies in Italy to achieve ISO 9001 Quality Certification in 1988, SIT has continuously pursued a path of growth aimed not only at compliance but often at anticipating market developments. All the Group's operational sites are certified according to the ISO 9001 standard, demonstrating that quality is embedded in every facility and function across the Group.

The effectiveness of the actions taken to prevent and mitigate negative impacts is periodically monitored by the Quality Department. In general, SIT is committed to ensuring that its operations do not cause or contribute to material negative impacts on customers or end users through strict compliance with its internal policies and its Quality Management System. However, should critical situations arise, though not due to the company's intent but still attributable to SIT, the company is committed to protecting customers and end users through targeted remediation initiatives and impact-specific mitigation actions. In doing so, SIT aims to reduce risks and turn negative impacts into opportunities for improvement.

To this end, the company allocates the necessary resources on a case-by-case basis, maintaining a collaborative approach and a continued focus on product quality and the health and safety of end users. The SIT group has not received any reports or identified any serious issues or incidents related to human rights involving its customers and/or end users.

ACTIONS TAKEN ON MATERIAL NEGATIVE IMPACTS AND APPROACHES TO MITIGATE RELATED RISKS

Product quality management to ensure the health and safety of end users

To ensure the highest standards of safety and quality of its products, particularly in terms of end-user health and safety, the SIT group continued in 2024 to adopt a structured approach to prevention and control across all its plants and production processes, in line with technical and market standards.

As a manufacturer of components that are critical to the safety of the appliances and systems in which they are installed, all SIT group products undergo rigorous internal safety and reliability testing, in compliance with the ISO 9001-certified Quality Management System. This certification was maintained in 2024 through adherence to annual audit protocols carried out by authorized quality assurance bodies.

All SIT group products comply with applicable quality and safety regulations, both in Italy and internationally. The technical specifications shared with clients, who are responsible for assembling or installing the final product for the benefit of the end user, include usage instructions, testing procedures, and evidence of the internal safety tests performed by SIT. Once integrated into final products or installed,

clients conduct further safety testing, providing an additional verification layer before market release. This shared process strengthens quality control and helps prevent potential negative impacts.

Concerning this topic, and as outlined in the material risk identification process described in section IRO-1, the Company has identified a risk related to the possibility that undetected or improperly managed quality defects could lead to malfunctions in the final products, with potential implications for the safety of end users. If such a scenario were to occur, it could expose the company to legal risks, compensation claims, and reputational damage, in addition to potentially triggering product recalls, thereby affecting customer trust and business prospects. To mitigate this risk, as described above, the SIT group has implemented a comprehensive and stringent safety testing system across the entire production chain, ensuring compliance with high standards at every stage of the process.

Furthermore, as previously mentioned in section S4-2, the SIT group continued in 2024 to closely monitor customer satisfaction, collecting feedback and reports that indirectly reflect the perspective of end users. This approach enables the timely identification of improvement areas and allows for proactive risk mitigation and prevention.

The SIT group's commitment to ensuring product quality and safety is reflected in its continuous improvement mindset, an approach rooted in tradition, combining innovation, monitoring, and active market engagement to prevent and mitigate any potential negative impact on end users.

ACTIONS ON MATERIAL POSITIVE IMPACTS, RISK MITIGATION APPROACHES AND PURSUIT OF OPPORTUNITIES

Initiatives to Support Access to High-Quality Information, Related Risks and Opportunities

The SIT group recognizes the actual positive impact that the products of its Smart Gas Metering and Water Metering Business Units can have on end users, as they provide high-quality and reliable consumption data, promoting awareness and thereby helping to reduce waste. In this regard, and in continuity with previous years, the Company has implemented a series of initiatives to ensure the ongoing high quality of the consumption information provided by its smart products, while also maintaining high standards in line with regulatory requirements and market needs.

To support this positive impact and ensure transparent and reliable access to consumption data, in 2024 the SIT group continued to invest in the development and optimization of its product measurement systems, adopting advanced communication protocols and cutting-edge technological solutions.

To mitigate the identified risk linked to the rate of innovation and the evolution of communication protocols, the Company continuously monitors technological trends and is developing a proactive innovation strategy. This approach allows SIT to anticipate changes and promptly respond to new market demands, while maintaining competitiveness and ensuring quality. Specifically, this translates into targeted investments in R&D and collaborations with strategic and technological partners.

At the same time, the SIT group has recognized the opportunity presented by the expanding smart metering market, i.e., intelligent measurement systems capable of providing accurate, accessible, and high-quality data on gas and water consumption. In recent years, the Company has expanded its product range with technologically advanced, smart meters featuring greater efficiency and reliability. Furthermore, between 2023 and 2024, it strengthened its market position through strategic partnerships and investments in the research and development of products with minimal environmental impact, focusing on applications involving the use of renewable energy sources.

These actions enable the SIT group to consolidate positive impacts, mitigate risks, and seize opportunities, while ensuring a high level of quality, safety, and accuracy in the information provided to end users, in a market increasingly focused on sustainability, consumption awareness, and waste reduction.

[S4-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The SIT group, concerning the management of potential and actual impacts downstream of its value chain, has defined certain targets aligned with its Made to Matter Sustainability Plan, with the primary goal of ensuring the health and safety of end users and delivering quality service to all its customers. These targets aim to concretely translate the values and principles expressed in the Group's Policies and Code of Conduct, documents that are also intended for commercial partners and customers and, by extension, their own customers who often correspond to the end users themselves.

Target	Target perimeter	Base year Base value	Target / KPI	Target year
Monthly Product Committee sessions focused on communication protocols maintenance	BU Metering	2024 N/A	Maintaining a monthly frequency	2025
Zero product safety incidents	Group	2024 Zero incidents	Zero incidents	2025-2030

The process of defining quality and product safety targets for the SIT group is based on analyzing the performance achieved in alignment with the Group's aspirations and commitments in these areas. At the same time, the Company considers insights gathered from engagement activities and reports received from customers and end users. This process has allowed the identification of relevant issues, lessons learned, improvement opportunities, specific needs, and situations requiring particular attention.

The targets set by the company in this area are subject to periodic monitoring by the Quality Management, in collaboration with the Sustainability function. Based on the results obtained, potential revisions or enhancements of the policies and initiatives adopted by the company are evaluated.

4. GOVERNANCE INFORMATION

4.1. ESRS G1 Business Conduct

[G1-1] BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

To manage the impacts and risks related to business conduct, the SIT group adopts a set of specific policies, regulations, and procedures to establish, develop, promote, and evaluate its corporate culture. Specifically, the documents mentioned are the Code of Conduct, the Anti-Corruption Policy, the Whistleblowing Policy, the Antitrust Procedure, and the Organization, Management and Control Model in accordance with the provisions of Legislative Decree 231/2001.

Employee training on the aforementioned policies and procedures is tailored in both synchronous and asynchronous modes according to the Company's needs for awareness and regulatory compliance. In general, the Company provides training courses to those employees for whom it is deemed necessary, whenever there are significant updates in the topics covered in this chapter, and, in any case, according to a regular schedule defined by the Training Function in collaboration with the company departments involved.

The following is a summary of the SIT group's Policies on Business Conduct, which underscore the company's commitment to defining, integrating, and sharing the core values and responsibilities that the Group recognizes and promotes both within and outside the organization, ensuring compliance with regulations and the adoption of ethical behavior in all business activities.

Code of Conduct

The SIT group Code of Conduct (hereinafter referred to as 'the Code') was updated in 2023 in full coherence and synergy with the corporate Mission and Vision, as well as the specific values associated with them.

The Code is addressed to a wide range of recipients, listed within the document, encompassing all companies that are part of the Group and all stakeholders, including all persons working in the name of and on behalf of the SIT group, without exclusion.

In defining its Code of Conduct, the SIT group drew inspiration from the highest international reference standards, as well as national and industry best practices, and was drafted in compliance with all relevant national and international regulations under which the Group operates. Compliance with the prescriptions of the Code of Conduct is an integral part of the contractual obligations of employees, while their violation by the recipients constitutes, depending on the case, a disciplinary offence (punishable in compliance with the applicable regulations) and/or a breach of contract and may result in compensation for any damages resulting from such violation against the Company. In general, the document

Starting from the fundamental principles for the Group, the SIT group Code of Conduct articulates its commitments and provisions in the following management-relevant dimensions:

- Business relations;
- Human resources;
- Environment;
- Governance and regulatory compliance;
- Privacy and use of data and information.

The Code covers a wide variety of issues, and for this reason it has been supplemented by a series of corporate policies, internal procedures and operational processes, and must be read and interpreted from the perspective of the Company's so-called 'compliance framework', which is specifically disclosed within the dedicated sections of this document.

In particular, the Code of Conduct lists the fundamental principles, commitments, provisions and good conduct practices to be followed to pursue the ethical performance of the group's activities and the management of impacts, risks and opportunities concerning the topics identified as material by the group, as indicated in paragraphs IRO-1, IRO-2 and SBM-3 of this document. The SIT group's Code of Conduct has a strong focus on ESG topics, to which particular attention is paid.

The Code of Conduct was approved by the Board of Directors of SIT S.p.A. on 21 March 2023 and subsequently made public and disseminated to all Group Companies and their main stakeholders, who can easily consult it through the Group's official communication channels.

The HR Department and the Governance & Legal Department are responsible for implementing the Code of Conduct. The Ethics and Equal Opportunities Committee of SIT S.p.A., set up in 2022, is responsible for periodically reviewing and updating the document, as well as proposing any changes to it that also take into account the needs and demands that may be presented by the Group's stakeholders. Substantive changes to the document, which may become necessary, will be submitted for approval to the Board of Directors of SIT S.p.A. in consultation with the CEO & Chairman and the Corporate Sustainability Director.

Anti-Corruption Policy

Given its size and global operations, SIT has developed a compliance system aimed at preventing the risk of unlawful conduct, particularly in those activities that are most exposed to the risk of corruption, both in relations with public bodies and with private individuals. The Group's Anti-Corruption Policy, approved by the Board of Directors of SIT S.p.A., is based on the principle of 'Zero Tolerance for Corruption' and establishes a uniform framework for all Group companies, both Italian and foreign, including third parties outside the Group with whom professional or business relations are established. It defines rules and preventive measures to combat corruption, to increase awareness among all those to whom the Policy is addressed of the regulations and ethical conduct to be followed. In this way, SIT reinforces its commitment to the prevention and identification of corrupt practices, contributing to the positive impact identified through the dual materiality analysis.

The Policy is drawn up in compliance with the national and international anti-corruption and anti-fraud regulations in force in all the countries in which the Group operates and with voluntary codes, as well as the procedures and regulations adopted by the company over the years. In addition to this, the policy aims to implement one of the cardinal principles of the United Nations Global Compact to 'fight corruption in all its forms, including extortion and bribery'.

The SIT group has defined in the Policy a management and control system for corruption risks that requires constant analysis of company processes, their evaluation, and finally the planning and implementation of appropriate and effective measures and controls. The management system provides for a procedure consisting of several stages: risk assessment, due diligence, training and dissemination of the policy, reporting and disciplinary measures, monitoring, and review. In particular, concerning this management system, within the policy, functions and departments have been identified in which the risk of corruption is highest, and on which checks are therefore carried out with greater attention to the functions/departments that:

- deal directly with customers, suppliers and/or public administration;
- manage public funding/contributions;
- participate in calls for tenders and contracts (public and private);
- have relations with political parties, trade unions and other interest groups;
- are involved in mergers, acquisitions, joint ventures or strategic investments;
- are involved in personnel selection, recruitment, management and development activities;
- may potentially receive gifts, benefits, hospitality, entertainment expenses, charitable contributions, sponsorships and donations as part of their activities;
- maintain and control Accounting Records.

The Policy has been drafted by the Group's Governance & Legal Department, which is responsible for updating it periodically, in cooperation with the other corporate Departments/Functions identified as necessary. Responsibility for implementing the policy lies with the Governance & Legal Department and the HR Department. The document is available to all Group recipients and stakeholders through the Group's official communication channels.

Whistleblowing Policy

The Whistleblowing Policy of the SIT group, approved by the Board of Directors, establishes the procedures for reporting potential/actual violations of the provisions contained in the Code of Conduct, as well as in all company policies, regulations, and procedures.

The purpose of the Policy is to provide clear operational indications on the subject, contents, recipients, and methods of transmission of reports, as well as the forms of protection that are guaranteed to those involved, on the basis of the applicable legislation. SIT undertakes to remove factors that may discourage or hinder recourse to whistleblowing, such as, for example, fear of retaliation or discrimination. The Policy applies to all directors, managers, and employees of SIT S.p.A. and its subsidiaries, as well as to all other persons who collaborate with and act on behalf of the group of companies headed by SIT S.p.A., in all countries in which the group operates.

The policy is defined in accordance with, but not limited to, the main references to national and international regulations and conventions applicable in the main countries in which the Company operates:

- Directive (EU) No. 2019/1937 on European Whistleblowing Protection;
- D. Legislative Decree No. 24/2023 implementing the EU Whistleblowing standard;
- General Data Protection Regulation (EU) 2016/679, on the protection of personal data;
- D. Legislative Decree no. 196/03, as amended by Legislative Decree 101/20, on the subject of Privacy

If local regulations provide for more stringent requirements, the individual group companies are delegated to define procedures and operating guidelines in partial derogation of the principles contained in the policy, consistently with the applicable regulations.

A whistleblowing report can be submitted using two different methods:

- Through the computer tool, the so-called Whistleblowing Platform, specially prepared by the Company and accessible from the Company's intranet and corporate website;

- By ordinary mail to the address 'SIT S.p.A. Viale dell'Industria 34 - cap 35129 - Padua (PD)', for the attention of the Human Resources Department or the Governance & Legal Department or the Internal Audit Manager.

Anonymous reports with an omitted sender may also be sent. All listed channels are designed and managed securely to prevent access to information by unauthorised personnel and to ensure that the identity of the Whistleblower and other persons involved in the investigation remains confidential. The reporting mechanisms are available to both internal and external stakeholders of the Company.

The Company ensures that reports, regardless of the channel through which they are received, are handled with the utmost confidentiality and privacy, data protection, and absence of conflicts of interest. To this end, a special internal procedure has been drawn up for the management of reports aimed at verifying the facts, involving the Human Resources Department, the Governance & Legal Department, and the Internal Auditor Manager. Moreover, anyone receiving a report that falls within the scope of the Group Whistleblowing Policy outside the dedicated channels, for any reason and by any means, must guarantee the confidentiality of the information received, being obliged not to disclose the identity of the reporter or the person reported, or any information that would allow them to be identified, directly or indirectly. Finally, any information related to the report must be deleted once it has been forwarded, as soon as confirmation of receipt is received from the reporting manager.

As a matter of priority, whistleblowers are encouraged to use internal channels and, under certain conditions provided for by applicable regulations, may make an external report directly to the competent authorities in accordance with applicable local and/or international regulations.

As mentioned, the Whistleblowing Policy and the related Whistleblowing Platform are available to the Group's stakeholders and have been disseminated through the Company's official communication channels. In addition, to ensure full application and dissemination of the Whistleblowing Policy among employees, a training course was provided in 2024 within the Skills-up platform, with compulsory attendance for all employees with a digital identity.

The functions in charge of handling whistleblowing, as defined above, are responsible for implementing, reviewing and periodically updating the Policy, and for proposing any changes to it that also consider Stakeholder assessments. The SIT Ethics and Equal Opportunities Committee may also be involved in the revision process. Substantive changes to the document that may become necessary will be submitted for approval to the Board of Directors of SIT S.p.A. in consultation with the CEO & Chairman and the Corporate Sustainability Director.

Antitrust Policy

To comply with current antitrust regulations concerning the protection of competition and the free market, the SIT group has adopted its own Antitrust Policy, which has the value of a company procedure, to be understood as applicable to all persons acting in the name of or on behalf of the Group in all countries in which SIT S.p.A., and its subsidiaries operate.

The document is drawn up in conformity with and provides for compliance with the relevant national and international regulations in force in all the countries in which the Group operates.

The discipline contained in the SIT group Antitrust Procedure is aimed at ensuring full compliance with Antitrust regulations, guaranteeing competitiveness in free markets, and strengthening economic efficiency. The document therefore summarises the main conduct, whether active or omissive, that may have an impact on the matter, providing a guide and reference for all Company employees. Considering the complexity of the regulations on the subject, such that it is not possible to trace all possible cases,

every employee must refer, in case of doubt, to the Governance & Legal department of SIT on every occasion in which a violation of antitrust rules is probable or conceivable.

The procedure was approved by the Board of Directors of SIT S.p.A. in 2024 and was disseminated and made available to all interested parties through the Company's official communication channels.

Organisation, Management and Control Model in accordance with Legislative Decree 231/2001

The Italian companies of the group, SIT S.p.A. and MeteRSit S.r.l., each have their own Organisation, Management and Control Model, both updated in 2024, according to Legislative Decree no. 231 of 8 June 2001.

Through the Model, SIT pursues the following objectives:

- Ensure compliance with the regulations on the administrative liability of entities and strengthen the measures already taken to prevent unlawful conduct according to Legislative Decree 231/2001;
- Inform all addressees about the provisions of the Decree, their importance and the possible sanctions for the Company in the event of offences or administrative offences;
- Communicate the Company's commitment to comply with the regulations and ethical principles that guide its activities;
- Reiterate that SIT does not tolerate unlawful conduct, even if aimed at obtaining advantages for the Company, since it is contrary to the law, regulations, supervisory rules and the principles of correct and responsible company management.

Furthermore, the Model establishes guidelines for preventing, mitigating, and possibly managing the impacts and risks identified through the IRO methodology in terms of business conduct.

The Board of Directors of SIT S.p.A., in implementation of the provisions of the Decree, set up the Supervisory Board. In its current configuration, the Supervisory Board of SIT is composed of two external persons, a legal professional and a professional in the field of economics and finance, and an internal person, the Head of the Group's Internal Audit Function. The Supervisory Board is responsible for supervising the implementation, operation, observance, and revision of the Model.

The Model is available to all Group stakeholders through the Company's official communication channels. The SIT group, concerning the management of potential impacts relating to Corporate Culture and Conduct and with the broader objective of ensuring responsible and sustainable management, has defined a number of targets in line with its Made to Matter Sustainability Plan. These targets aim to translate the values and principles expressed in the ESG policies and the Group's Code of Conduct into concrete action. The targets relating to Conduct and Corporate Culture, in particular, are included in the context of the 'Made By Us' pillar.

Target	Target Perimeter	Base Year Base Value	Target / KPI	Target Year
Rating EcoVadis SIT group	Group	2023 Rating Gold	Maintenance of the Gold Medal	2025-2026
CDP – Carbon Disclosure Project	Group	2023 Score "C"	Rating improvement and maintenance Score 'B	2025-2027

[G1-2] MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

The SIT group is committed to creating a long-term sustainable value chain that respects the environment, workers' rights, and local communities, and is oriented towards minimising its impact throughout the product life cycle with a focus on reducing its carbon footprint. In this regard, the Group actively involves suppliers as partners in the pursuit of sustainability, quality, and safety objectives for products and processes.

Over the years, the Company has defined a structured supplier management process that aims to obtain components, materials and services at the right price, within the defined timeframe and with a high level of quality while promoting an ethics-oriented environment, as well as the development of stable relationships, the pursuit of safety, innovation and technological development throughout the supply chain. During 2024, the supplier management process continued the orientation adopted in 2023, strengthening the involvement of suppliers as described in the following paragraphs, in particular their evaluation and subsequent selection, focusing increasingly on ESG criteria, through their measurement and monitoring.

To avoid payment delays, SIT has adopted a structured process for managing the payment cycle for both small and medium-sized as well as large suppliers. Once the payment terms have been agreed with the supplier, they are entered in the supplier's master data in the Group's management accounting system. Subsequently, upon receipt of the payable invoice, the verification of the document for accounting purposes begins, which allows, except in specific cases, the authorisation and processing of payment based on the due date to take place within the defined contractual terms. In cases of invoices in dispute or subject to further verification, the procedure is suspended for the time necessary to rectify the issue. As part of the audit of suppliers working on behalf of SIT, inspections are carried out to check compliance with current occupational health and safety regulations. SIT has implemented a structured and shared process with its suppliers, with the aim of raising their awareness and supporting them in the effective management of these aspects. This approach aims to prevent and mitigate any risks associated with outsourced activities by promoting high standards of safety and responsibility within the supply chain. The process consists of three main steps: clear definition of the standards expected of suppliers in the ESG area, assessment of their compliance and risk monitoring, and support in continuous improvement and innovation.

Social and environmental criteria are already considered in the supplier qualification phase, through an assessment process that includes the administration of a Supplier Self-Assessment, a self-assessment form that suppliers fill out before any on-site visits, and which allows them to identify in advance any risk factors in the area of social responsibility. Through this tool, suppliers are asked to provide information on their possible adherence to the UN Global Compact and its principles, on possible cases of child labour and the possession of the main environmental and quality certifications, as well as a Code of Conduct in line with the provisions of the SIT group's Code of Conduct. This process allows sustainability criteria to be integrated from the earliest stages of qualification, helping to build and select partnerships aligned with the Company's ESG commitments.

Moreover, as of 2023, to assess and, possibly, extend to the entire upstream supply chain the culture and sustainability practices that guide the SIT group, the Company assesses and monitors its strategic suppliers of the Heating & Ventilation BU through EcoVadis, a collaborative and international platform that allows companies to monitor the sustainability practices of their suppliers, manage their risks and request the implementation of corrective actions when the need arises.

Finally, the Group, aware of the importance of a solid supply chain in an increasingly interconnected global context, considers the risks associated with its supply chain in its approach to suppliers to ensure business

continuity and efficiency. In particular, it aims to diversify its suppliers in different product categories, reducing, where possible, its dependence on a small number of partners and strengthening its ability to respond to unforeseen events. Furthermore, by monitoring the business environment, the Group implements risk mitigation plans to promptly address any logistical disruptions related to exogenous factors.

[G1-3] PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

SIT adopts a “zero tolerance” approach towards any form of corruption, whether active or passive, and is consistently committed to strengthening its prevention, control, and monitoring systems, as well as ensuring appropriate training for company personnel on the matter.

In 2023, the Company updated its Group Anti-Corruption Policy, whose main objective is to provide all recipients with appropriate references, guidelines, and operational instructions regarding the fight against corruption. For further details, please refer to paragraph G1-1 of this chapter.

The Policy serves as an important tool for mitigating corruption risks associated with business activities and is part of a well-structured control and monitoring system, which includes:

- Code of Conduct;
- Group policies, procedures, and operational guidelines;
- Internal control system according to Law 262/05;
- Organization, Management, and Control Models according to Legislative Decree 231/01;
- Corporate information systems;
- System of delegations and powers.

All policies, guidelines, and reporting mechanisms are available to all corporate stakeholders on the official corporate website. Furthermore, anti-corruption policies form an integral part of the contractual obligations of employees, while violations of the provisions contained therein by external recipients may, depending on the case, constitute a disciplinary offense and/or a contractual breach. Such violations may lead to compensation for any damages caused to the Company.

Should an episode of active or passive corruption be identified through the appropriate control and reporting mechanisms implemented by the Company, the departments responsible for handling reports are required to carry out their duties in good faith and with professionalism. Reports must be managed with due diligence, ensuring protection from retaliation for whistleblowers. If the report involves one of the departments participating in the evaluation process, that department will be immediately excluded from the procedure.

The responsible functions periodically report to the administrative, management, and supervisory bodies on the number and type of reports received and the outcomes of the investigations, ensuring the anonymity of the individuals involved.

Although the Group has implemented safeguards that effectively mitigate the risks associated with corruption offenses, it continues to promote and invest in initiatives aimed at strengthening the internal control environment, making it increasingly robust, efficient, and effective.

To support this commitment, in 2024, specific training courses related to the Anti-Corruption Policy, Code of Conduct, and Whistleblowing Policy were made available to the entire Group population with a digital identity, through the "Skills-up" training platform. Additionally, as part of the update of the Organization, Management, and Control Model, a dedicated training session was delivered by the Supervisory Body to the Company's management. This session was also attended by SIT's CEO and members of the Board of Statutory Auditors, with the aim of strengthening corporate compliance culture, deepening understanding of the key updates and related responsibilities, and ensuring effective implementation of the Model as well as greater awareness of the risks associated with predicate offenses.

In general, 70% of the functions exposed to corruption risk are covered by training programs. The Group identified these functions starting from the risk-prone activities outlined in the Anti-Corruption Policy, also considering additional characteristics such as the presence of powers of attorney.

[G1-4] CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

In 2024, no cases of active or passive corruption were recorded within the SIT group. Accordingly, no convictions or sanctions were issued for corruption-related incidents, nor were any actions taken in response to violations of procedures or regulations concerning the prevention of active and passive corruption.

[G1-6] PAYMENT PRACTICES

In 2024, the SIT group made payments to suppliers with an average deferral of 98 days from the date on which the contractual or statutory payment term began to be calculated. Standard payment terms for production and service providers are, on average, 70 days calculated from the date of invoice issuance and have been applied to approximately 34% of payments. It should be noted that there are no significant differences in payment delays between small, medium, and large suppliers. The number of legal proceedings currently pending for late payments is zero. The data used to calculate the information relating to this paragraph refers to extractions of the management accounting systems of payment transactions carried out by the production companies during 2024 and represent a representative sampling of the payment practice adopted.

Chairman of the Board of Directors
(Dott. Federico de' Stefani)

CERTIFICATION OF THE CONSOLIDATED SUSTAINABILITY
STATEMENT

Certification of the Consolidated Sustainability Statement pursuant to the provisions of art. 154-bis, paragraph 5-ter of Legislative Decree 58/1998 (Italy's Consolidated Law on Finance)

The undersigned, Mr. Federico de' Stefani, Chairman and Chief Executive Officer and Mr. Paul Fogolin, Manager in charge of preparing the corporate financial reports of SIT S.p.A., certify, according to art. 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the 2024 Consolidated Sustainability Report according to Legislative Decree 125/2024 included in the Report on Operations has been prepared: following the reporting standards applied according to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024; with the specifications adopted according to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020

Padua, April 17, 2025

Chief Executive Officer
Federico de' Stefani

Manager responsible for preparing the financial reports
Paul Fogolin

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED
SUSTAINABILITY STATEMENT



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**INDEPENDENT AUDITOR'S REPORT
ON THE LIMITED ASSURANCE OF THE CONSOLIDATED SUSTAINABILITY STATEMENT
PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
SIT S.p.A.**

Conclusion

Pursuant to artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of the SIT Group (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the SIT Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");
- the information included in the paragraph "Taxonomy Regulation– Disclosure pursuant to Article 8 of Regulation (EU) 2022/852" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.

Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement of this report*.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.686.390,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano/Monza/Brianza/Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT03049560166

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We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information presented in the consolidated sustainability statement has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of SIT S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in "[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities" of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;
- compliance of the information included in the paragraph "Taxonomy Regulation– Disclosure pursuant to Article 8 of Regulation (EU) 2022/852" with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.



Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions regarding events that may occur in the future and possible future actions of the Group. Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as indicated in the "[BP-2] Disclosure in relation to specific circumstances"

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;
- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;
- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.



Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;
- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;
- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;
- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the existence of estimates and to the complexity of the calculation methods, as well as quantitative factors related to the nature of such information;
- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;
- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;
- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;
- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, included the information related to the materiality assessment process;



5

- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padua, April 30, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

CONSOLIDATED FINANCIAL STATEMENTS AS AT
DECEMBER 31, 2024

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(Euro,000)	Note	31/12/2024	31/12/2023
Goodwill	1	63,278	70,946
Other intangible assets	1	46,978	50,781
Property, plants and equipment	2	95,229	105,270
Investments	3	1,081	657
Non-current financial assets	4	2,573	2,533
Deferred tax assets	5	12,665	18,874
Non-current assets		221,804	249,062
Inventories	6	72,263	83,315
Trade receivables	7	60,274	63,458
Other current assets	8	10,517	14,264
Tax receivables	9	2,372	3,752
Other current assets	4	5,505	6,630
Cash and Cash Equivalents	10	14,038	8,700
Current assets		164,971	180,120
Total assets		386,775	429,182
Share capital	11	96,162	96,162
Total Reserves	12	35,972	70,350
Net Profit		(31,573)	(23,388)
Minority interests net equity		862	0
Shareholders' Equity		101,422	143,124
Medium/long-term loans and borrowings	13	76,610	58,182
Other non-current financial liabilities and derivative financial instruments	14	54,560	51,434
Provisions for risks and charges	15	9,337	10,513
Post-employment benefit provision	16	4,504	5,096
Other non-current liabilities	17	3,825	6
Deferred tax liabilities	18	10,629	12,094
Non-current liabilities		159,465	137,325
Short-term bank loans	19	19,356	50,809
Other current financial liabilities and derivative financial instruments	20	14,868	8,596
Trade payables	21	66,933	66,915
Other current liabilities	22	22,957	20,768
Tax payables	23	1,774	1,645
Current liabilities		125,887	148,733
Total Liabilities		285,353	286,058
Total Shareholders' Equity and Liabilities		386,775	429,182

CONSOLIDATED STATEMENT OF INCOME

(Euro,000)	Note	2024	2023
Revenues from sales and services	24	299,538	326,261
Raw materials, ancillaries, consumables and goods	25	148,759	167,211
Change in inventories	25	9,255	8,578
Services	26	42,604	46,525
Personnel expense	27	72,229	80,716
Depreciation, amortization and write-downs	28	36,231	47,090
Provisions	29	995	1,015
Other charges (income)	30	998	344
EBIT		(11,534)	(25,219)
Investment income/(charges)		0	0
Gains/(Losses) from valuations of minority option liabilities	31	1,471	0
Financial income	32	388	942
Financial charges	33	(10,655)	(7,827)
Net exchange gains (losses)	34	(302)	804
Impairments on financial assets		(77)	0
Profit before taxes		(20,709)	(31,300)
Income taxes	35	(10,865)	7,912
Net profit for the year		(31,573)	(23,388)
Minority interest result		45	0
Group net profit		(31,618)	(23,388)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro,000)	2024	2023
Net profit	(31,573)	(23,388)
<i>Other comprehensive income statement items which may be subsequently reclassified to the income statement for the year, net of taxes:</i>		
Net change in cash flow hedge reserve	(2,344)	(2,634)
Income taxes	563	632
Total unrealised financial asset gains/(losses)	(1,782)	(2,002)
Translation of financial statements in currencies other than the Euro	(3,899)	2,013
Total of other comprehensive income statement items which may be subsequently reclassified to the profit/(loss) for the year, net of taxes	(5,681)	11
<i>Other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes:</i>		
Unrealised actuarial gains	(55)	(14)
Income taxes	9	3
Total unrealised actuarial gains/(losses)	(46)	(11)
Total of other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes	(46)	(11)
Total other comprehensive income/(expense) for the year, net of taxes	(5,727)	0
Total comprehensive income/(expense)	(37,300)	(23,388)
Total comprehensive income/(expense) for the year attributable to:		
Parent company shareholders	(37,344)	(23,388)
Minority shareholders	45	0
Basic earnings per share	(1.2942)	(0.9614)
Diluted earnings per share	(1.2942)	(0.9614)

CONSOLIDATED STATEMENT OF CASH FLOW

(Euro,000)	Note	2024	2023
Net profit		(31,573)	(23,388)
Amortisation & depreciation	1 - 2	36,252	46,896
Non-cash adjustments		(3,712)	4,991
Income taxes	35	10,865	(7,912)
Net financial charges/(income)	32-33	10,142	6,885
CASH FLOW FROM CURRENT ACTIVITIES (A)		21,972	27,472
Changes in assets and liabilities:			
Inventories	6	9,445	9,399
Trade receivables	7	2,208	951
Trade payables	21	1,753	(15,129)
Other assets and liabilities		1,111	(10,516)
Income taxes paid		(2,295)	(4,075)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)		12,222	(19,370)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)		34,195	8,102
Investing activities:			
Investments in property, plant & equipment	1	(9,800)	(18,130)
Other changes in property, plant & equipment		1,504	419
Investments in intangible assets	2	(5,338)	(4,230)
Other changes in intangible assets		118	9
Investments in financial assets		(2,871)	(296)
Other cash flows from current financial assets		0	(797)
Acquisition or sale of subsidiaries or business branches net of cash and cash equivalents		367	0
CASH FLOW FROM INVESTING ACTIVITIES (C)		(16,021)	(23,025)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)		18,175	(14,923)
Financing activities:			
Interest paid		(7,011)	(7,108)
Repayment of non-current financial payables	19	(11,693)	(14,874)
Increase (decrease) current financial payables		1,351	15,909
Increase (decrease) other financial payables	19-36	(3,146)	(3,181)
New loans	19	2,883	10,181
Parent company financing		5,000	0
Other changes in Equity	12	460	0
CASH FLOW FROM FINANCING ACTIVITIES (D)		(12,156)	927
Change in translation reserve	12	(681)	(839)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)		5,338	(14,835)
Cash & cash equivalents at beginning of the year	10	8,700	23,535
Increase (decrease) in cash and cash equivalents		5,338	(14,835)
Cash & cash equivalents at end of the year	10	14,038	8,700

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Treasury shares reserve	Legal Reserve	Other reserves									Net profit (loss)	Group shareholders' equity	Minority interest capital & reserve	Total Group and Minority Interest Shareholders' Equity
					Currency conversion difference	Allocation employee L.T.I. reserve	Cash flow hedge reserve	Capital payments	Actuarial Reserve	Extraordinary reserve	Fair value of the put option on minority interests Reserve	Performance share Reserve	Retained earnings (accum, losses)				
December 31, 2022	96,162	10,360	(6,733)	19,232	(4,328)	1,053	4,218	16,615	(214)	1,721	0	0	16,196	11,213	165,495	0	165,495
Allocation of 2022 result	0	0	0	2	0	0	0	0	0	23,005	0	0	(11,792)	(11,213)	0	0	0
Comprehensive profit 2023	0	0	0	0	2,013	0	(2,002)	0	(11)	0	0	0	0	(23,388)	(23,388)	0	(23,388)
Assignment L.T.I. to employees	0	0	0	0	0	1,019	0	0	0	0	0	0	0	0	1,019	0	1,019
Dividend	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0	0	0	0	(3)	0	(3)	0	(3)
Acquisitions of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December 31, 2023	96,162	10,360	(6,733)	19,232	(2,315)	2,073	2,217	16,615	(225)	24,726	0	0	4,401	(23,388)	143,124	0	143,124
Allocation of 2023 result	0	0	0	2	0	0	0	0	0	(23,388)	0	0	0	23,388	0	0	0
Change in Consolidation's scope	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	817	817
Purchase option on minority stakes	0	0	0	0	0	0	0	0	0	0	(5,040)	0	0	0	(5,040)	0	(5,040)
Comprehensive profit 2024	0	0	0	0	(3,899)	0	(1,782)	0	(46)	0	0	0	0	(31,617)	(37,344)	45	(37,300)
Assignment L.T.I. to employees	0	(315)	1,405	0	0	(1,338)	0	0	0	103	0	0	0	0	(194)	0	(194)
Other movements	0	0	0	0	0	(27)	(11)	0	0	55	0	0	(2)	0	15	0	15
December 31, 2024	96,162	10,045	(5,328)	19,232	(6,214)	658	424	16,615	(271)	1,496	(5,040)	0	4,399	(31,617)	100,560	862	101,422

For further details on the breakdown of shareholders' equity, reference should be made to Notes 11 and 12 of the Explanatory Notes.

SIT and subsidiaries

EXPLANATORY NOTES

GENERAL INFORMATION

SIT S.p.A., (hereinafter, the Parent Company, SIT or the Company), based in Padua and whose shares are listed on the Euronext Milan market managed by the Italian Stock Exchange. The company is registered in the Companies Register of Padua at No. 04805520287 with registered office in Viale dell'Industria No. 34, Padua (PD).

The Company develops, manufactures and sells safety, control and comfort systems and high-performance gas equipment, principally for domestic use such as boilers, stoves and water heaters.

These financial statements were approved by the Board of Directors on April 17, 2025 and authorised for publication on the website <http://www.sitgroup.it> by April 30, 2025. The financial statements are subject to the approval of the Shareholders' Meeting.

In 2017, the merger between SIT S.p.A., and Industrial Stars of Italy 2 S.p.A. (ISI2 or ISI2 S.p.A.), a SPAC (Special Purchase Acquisition Company) listed on the AIM Italia market of the Italian Stock Exchange. The merger was effective on July 20, 2017 with the simultaneous start of trading of the company's ordinary shares and warrants on the AIM Italia market managed by the Italian Stock Exchange. With the merger by incorporation of ISI2 S.p.A. (listed non-operating company) into SIT S.p.A., (listed operating company), the former shareholders of ISI2 became the minority shareholders of SIT S.p.A.. In the merger, SIT was therefore considered as the acquirer and ISI2 as the acquiree.

SIT S.p.A., decided that it would apply the option as per Article 70, paragraph 8 and Article 71, paragraph 1-bis of Consob Regulation No. 11971/99 (and thereafter) and, therefore, that it would employ the exemption from publication of a disclosure document concerning significant merger, spin-off, and share capital increase operations through transfer of assets in kind, acquisitions and sales.

BASIS OF PREPARATION

The consolidated financial statements of the SIT Group on December 31, 2024 were prepared in accordance with the international accounting standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements comprise:

- the Consolidated balance sheet classified by current and non-current assets and liabilities based on their realisation or settlement within the normal operating cycle, not more than 12 months subsequent to the reporting date;
- the Consolidated statement of income which classifies costs and revenues by type, which is considered a better representation of the Group performance than a segment breakdown;
- the Consolidated statement of comprehensive income;
- the Consolidated statement of cash flows prepared in accordance with the indirect method;
- the Consolidated statement of changes in equity and
- corresponding explanatory notes containing the disclosure required by applicable legislation and by the reference international accounting standards.

The consolidated financial statements have been prepared on the basis of the historical cost principle, except for derivative financial instruments and financial liabilities for put/call options for the purchase of minority stakes in the company Sit MBT S.r.l. which are recorded at fair value.

These consolidated financial statements are presented in Euro, the functional currency of the parent company and all amounts are rounded to thousands of Euro, except where otherwise indicated.

The consolidated financial statements fulfil the requirement for a true and fair view of the balance sheet, financial position, income statement and cash flows of the Group, in compliance with the general principles of going concern, the accruals concept, reliable presentation, correct classification, prohibition of offsetting and comparability of information.

The accounting standards and policies applied for the preparation of the consolidated financial statements at December 31, 2024 are the same as those adopted for the consolidated financial statements at December 31, 2023.

The SIT Group consolidated financial statements were audited by Deloitte & Touche S.p.A..

Going concern

In 2024, the Group recorded a 8.2% reduction in consolidated revenues compared to 2023, with consequent effects on the yearly result.

While the Metering sector as a whole marks a trend in line with the previous year, the decrease in revenues is attributable to the Heating & Ventilation business, which recorded a reduction of 11.7% compared to 2023, a year that in turn had recorded a reduction of 25.8% compared to 2022.

The sector is clearly in a phase of discontinuity respect to the past, influenced by exogenous factors and regulatory changes in the energy transition context.

The market, in the present and previous year, was influenced by the reduction of incentives that in past years had supported the sector throughout Europe and which had led to a significant distortion compared to the normal dynamics of demand, with an anticipation of the replacement of appliances that otherwise would have had a longer life cycle. There has also been great uncertainty about the evolution of the legislation on technological transition - in particular in the definition of the phase-out times of gas appliances and in the energy efficiency requirements of homes provided for by the EPBD (Energy Performance Building Directive) - which has led to a suspension of purchasing decisions by consumers. Finally, the reduction in household spending power as a result of persistent inflation and economic and geopolitical uncertainties, which negatively impacted many industrial sectors, also affected demand.

In this context, in the face of a sudden drop in turnover and the expected impossibility of meeting all financial commitments, in the latter part of 2023 the Directors had initiated discussions with the banking sector, which led to the signing in April 2024 of a series of agreements amending certain loan relationships, agreeing on a 24-month extension of the original maturities and the remodulation of the repayment profile with maintenance of the current interim periods, as well as the redefinition of the levels of financial covenants, in line with the Group's changed income and financial prospects in the short and medium term. These agreements were based on a business plan drawn up with reference to the Group and the 2024-2027 time horizon, subject to an Independent Business Review by an independent expert. The agreement also provided for the disbursement to SIT of a loan by the majority shareholder of Euro 5 million, interest-bearing, with capitalization of the related financial charges, whose reimbursement is subordinated to the bank financial debt.

Following the signing of the aforementioned agreements, starting from the second half of the year, a market performance was lower than expected and the economic and financial forecasts formulated by the Group when updating its annual budget and reflected in the business plan. In response to these indications, the Group continued to operate on the efficiency measures already envisaged – such as the

closure of production activities at the Dutch plant and policies to reduce the level of warehouse stocks – and activated a series of additional actions aimed to adapt activities to the new market context. These actions include the reduction of the indirect organisational structure both in the plants and at the headquarters, the reduction of discretionary expenses and the reduction of investments that were thus focused mainly on research and development initiatives on new products.

The 2024 financial year, although presenting lower results than originally expected and compared to the previous year, was nevertheless carried out regularly and all the Group's financial commitments defined in the April 2024 agreements were respected. Although the above-mentioned expense containment actions have made it possible to reduce the impact of lower revenues on the net result, it was still necessary to revise the forecasts for the coming years.

The 2025 Budget, approved by the Board of Directors on 4 February 2025, envisages a recovery in revenues, with "single digit" growth compared to 2024, mainly linked to the recovery of the American market in the fireplace sector, the signing of a new multi-year contract in the UK in the Gas Metering sector and the launch of the new Smartio product in the Water Metering sector.

The 2025 Budget also envisages a recovery in the operating result, thanks to the carry over effects of the actions mentioned above, and implemented in the last part of 2024, and the implementation of further actions to improve the efficiency of the organisational structure, planned during the year, which will allow greater flexibility and better operating leverage. The Budget projections confirm, also in the monthly details, compliance with covenants and all financial commitments for the period, albeit with a lower *headroom* in the measurement of covenants for the first half of 2025 than at the end of the 2024 financial year.

During the first months of 2025, the Company also updated its multi-year business plan with reference to the period 2025 – 2029, which was subject to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on 21 March 2025 (hereinafter, the "Plan").

The Plan presents the Group's development guidelines in the changed context, and lower objectives in terms of revenues and therefore results than the previous plan. In particular, in the traditional Heating & Ventilation business, growth forecasts for the European residential market have been updated to take into account the 2024 trend and also the new forecasts for sales of electric heat pumps, which represent one of the main technological threats as an alternative product to gas boilers and whose sharp slowdown in 2024, due to performance and high management costs, has caused medium-long term projections to be revised sharply downwards.

The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected in the fireplaces applications where the Group holds a high market share, and a return to the water heating sector, with the production of a new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for kitchen hoods and CMV - Controlled Mechanical Ventilation.

The development lines of the Metering segments, both Smart Gas Metering and Water Metering, are defined and based on the important investments that utilities in the sector are planning and making for the digitization and modernization of distribution networks.

The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates.

The main growth assumptions assumed by the Group were analysed, verifying the assumptions and actions underway or envisaged in the Plan to support revenue forecasts.

Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some *sensitivities* on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider a slowdown or a distribution over more diluted horizons in some segments/markets. The implications deriving from the introduction of tariffs on exports to the US from Mexico – the Group's main exposure – were also considered through some scenario simulations that also take into account the location of competitors and therefore the possibility of *pass-through* of the impact to customers. The set of *sensitivities* performed on the Plan and the simulations developed on the possible impact of the duties provide elements that suggest that the underlying assumptions and the results of the Plan are reasonable.

The Directors point out, however, that the Plan is based on a set of assumptions, which also include assumptions relating to future events that could not necessarily occur in the timing and manner envisaged.

In this regard, it should be noted that the Plan, the related *sensitivities* and the scenario simulations on tariffs do not take into account any effects, currently unforeseeable, on the macroeconomic context and therefore on demand that could result from a reduction in global economic growth due to the generalized introduction of duties by the US Administration, announced at the beginning of April 2025 and then suspended for a period of three months. As highlighted above, the simulations that have been carried out refer to the direct impacts that could derive from the introduction of duties on exports from Mexico, the main country from which the Group exports its products to the United States, specifying that, at the moment, the timing and methods of application of duties on imports from Mexico have not yet been defined by the US Administration.

With reference to shorter-term planning, the financial years 2025 and 2026 were the subject of monthly financial planning, incorporating the details used for the preparation of the 2025 Budget and projecting the seasonality trend typical of the sector and the effect of the actions envisaged in the Plan onto 2026. This makes it possible to intercept the monthly dynamics of the cash profile in relation to operational commitments, both ordinary and non-recurring, and financial.

This cash profile planning has been subject to a series of *sensitivities* on some key hypotheses - such as the reduction in turnover, the worsening of margins and the absorption of the direct impact that US duties could have on the Group's sales - aimed at quantifying the margins of flexibility and manoeuvre with respect to the existing credit lines and with respect to the contractual covenants contained in the loan agreements.

The Directors then assessed the uncertainty profiles related to (i) the achievement of the objectives set out in the Plan, including revenue growth targets, (ii) the realisation of the assumptions underlying the cash plan for the next 12 months and (iii) compliance with financial covenants. In consideration of the performance of the first months of the current year, the forecasts made, the actions that may be taken in liquidity management, as well as the contractual mechanisms envisaged with reference to the measurement of *covenants*, the Directors believe that the Group will be able to meet its obligations in the

foreseeable future and have therefore deemed it appropriate to use the going concern assumption in the preparation of the consolidated financial statements as at 31 December 2024.

IFRS Accounting Standards, Amendments and Interpretations applied from January 1, 2024

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2024:

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants.

The two amendments, published by the IASB on January 23, 2020 and October 31, 2022 respectively, aim to clarify how to classify short-term or long-term debts and other liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no effect on the Group's consolidated financial statements, the information on "Liquidity risk" was extended in order to provide all the information required by these two amendments.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

On September 22, 2022, IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the lessee-seller to assess the lease liability arising from a sale and leaseback transaction so as not to recognise a gain or loss that relates to the retained right of use. The adoption of these amendments had no effect on the Group's consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The document requires an entity to provide additional information about reverse factoring arrangements that enables users of financial statements to assess how financial arrangements with suppliers may affect an entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The adoption of these amendments had no effect on the Group's consolidated financial statements.

Accounting standards, amendments and IFRS interpretations approved by the European Union as of December 31, 2024, not yet mandatory and not adopted in advance by the Group as of December 31, 2024

As of the reference date of this document, the competent bodies of the European Union have still completed the approval process necessary for the adoption of the amendments and principles described below, but these standards are not necessarily applicable and have not been adopted in advance by the Group as of 31 December 2024:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On August 15, 2023, IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a methodology consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The change will apply from January 1, 2025, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations of IFRS not yet adopted by the European Union

As of the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

The document clarifies some problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary with the achievement of ESG objectives (i.e. green bonds). In particular, the changes aim to:

- clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the assessment of the SPPI test;
- determine that the date of settlement of liabilities via electronic payment systems is the one on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced further disclosure requirements regarding in particular investments in capital instruments designated as FVOCI.

The amendments will apply starting from the financial statements of the financial years starting from 1 January 2026. The directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of this amendment.

Annual Improvements Volume 11

On 18 July 2024 IASB published a document called “*Annual Improvements Volume 11*”. The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The modified principles are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and the related guidelines on the implementation of IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements and
- IAS 7 Statement of Cash Flows.

The changes will apply from 1 January 2026, but early application is permitted. The directors are currently evaluating the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7

On 18 December 2024, IASB published an amendment called “Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7”. The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as Power Purchase Agreements). Under these contracts, the amount of electricity generated and purchased may vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification regarding the application of the "own use" requirements to this type of contract;
- criteria to allow the accounting of such contracts as hedging instruments, and
- new disclosure requirements to allow users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

The change will apply from 1 January 2026, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, IASB published a new IFRS 18 standard Presentation and Disclosure in Financial Statements which will replace IAS 1 “Presentation of Financial Statements”. The new standard aims to improve the presentation of the main financial statements and introduces important changes with reference to the income statement. In particular, the new standard requires to:

- Classify revenues and expenses into three new categories (operating section, investment section and financial section), in addition to the categories taxes and discontinued operations already present in the income statement;

- Introduce two new sub-totals, operating income and earnings before interest and taxes (i.e. EBIT).

The new standard also:

- Requests more information on the performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information, and
- introduces some changes to the cash flow statement format, including the requirement to use the operating result as a starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some currently existing items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will come into force from January 1, 2027, but early application is allowed. The directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On May 9, 2024, IASB published a new standard *IFRS 19 "Subsidiaries without Public Accountability: Disclosure"*. The new standard introduces some simplifications with reference to the disclosures required by the other IAS-IFRS standards. This principle can be applied by an entity that meets the following main criteria:

- It has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
- It has its own parent company that prepares consolidated financial statements in accordance with IFRS

The new standard will come into force from 1 January 2027, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Group's consolidated financial statements.

IFRS 14 – Regulatory Deferral Accounts

On 30 January 2014, IASB published the standard IFRS 14 – Regulatory Deferral Accounts that allows only those who adopt IFRS for the first time to continue to recognize amounts relating to activities subject to regulated rates ("Rate Regulation Activities") according to the previous accounting standards adopted. Since the Group is not a first-time adopter, this principle is not applicable.

DISCRETIONAL VALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements and Explanatory Notes in application of international accounting standards (IAS/IFRS) requires Directors to make estimates and assumptions which, in certain circumstances, are based on historic data and may affect the values expressed in the financial statements. Assumptions deriving from estimates are revised periodically and the relative effects are reflected in the income statement in the period in which they occur.

The principal assumptions utilised in the estimation processes and the sources of uncertainty, for which significant adjustments to the carrying amount of the assets and liabilities may emerge in the future, are summarised below.

In this regard, the estimates made at December 31, 2024 reflect the considerations made by the Directors on the amounts by the public authorities of the countries affected, in addition to the Russia-Ukraine conflict.

Inventory obsolescence provision

The inventory of raw materials, semi-finished and finished products are valued at the lower of cost and market value, applying the average weighted cost criteria in establishing the cost. The valuation of inventories includes direct materials and labour costs and indirect costs (variable and fixed). Provisions are made for materials, finished products and obsolete or slow-moving items, while also taking into account their expected future use and realisable value.

Impairment of non-financial assets

The Group reviews, at each year-end, if indicators highlight a long-term impairment for all of the non-financial assets. If there is an impairment loss, the accounting value is aligned to its recoverable amount. Goodwill and the other intangible assets with indefinite useful life annually undergo an impairment test. The recoverable value of non-current assets is normally based on the value in use, considering the present value of expected financial cash flows from continuous use of the asset. The review therefore involves also the choice of an adequate discounting rate for the calculation of the present value of expected cash flows. Any change in the main estimates and assumptions made when preparing the plan and, therefore, the impairment test, could affect value in use and the result that is actually reached in relation to the realisable amount of the assets recognised.

Refer to Note 1 of these Explanatory Notes regarding the sensitivity analyses performed.

Development costs

Development costs are capitalised in accordance with the accounting policy outlined in the section below. The initial capitalisation of costs is strictly related to the project's technical and economic feasibility opinion. The Directors are therefore required to draw up the assumptions relating to the expected future cash flows from the assets, the discount rate to be applied and the periods of the expected benefits. Further details are reported at Note 1.

Deferred tax assets

Deferred tax assets are recognised in accordance with IAS 12. A discretionary valuation is required by the Directors to establish the amount of the deferred tax assets which may be recorded. They must estimate the probable timeframe and amount of future assessable income, in addition to a planning strategy for future taxes. The carrying amount of deferred tax assets is reported at Note 5.

Provisions for risks and charges

The Directors make estimates regarding other risks and charges. In particular, against the various disputes involving the Group, the Directors have made estimates and assumptions in determining the level of probability of a liability arising within the Group and, where the risk is considered probable, in determining the amount of the provision against the risks identified. Further details are reported at Note 15.

Guarantee provisions

The Group makes provisions for the expected cost of product guarantees. Management establishes these provisions based on historic information concerning the frequency and the average cost of guarantees.

Share-based payments

Estimating the fair value of the share-based payments requires the utilisation of the most appropriate valuation model, based on the terms and conditions on which these instruments were granted. Also required to be identified are the data used in the valuation technique amongst which the assumed estimated exercise period of the options, volatility and share return.

For share-based payments settled by cash, it is necessary to remeasure the liability at the end of each reporting period and until the settlement date, recording each fair value change in the income statement. This requires a re-examination of the estimates utilised at the end of each reporting period.

For the share-based payments with employees, the Group utilises the Montecarlo simulation model for the plans with employees. The assumptions used for the estimate of the fair value of the share-based payments are shown in Note 38.

IFRS 16 - Estimation of the marginal lending rate

In order to determine the implied contract interest rate, the Group uses the marginal interest rate, i.e. the interest rate which the lessee should pay for a loan with similar duration and guarantees, in order to acquire the leased asset. Where there are no observable data (such as in the case of investees that are not direct counterparties to financial transactions) or when rates must be adjusted to reflect the terms and conditions of the lease (for example, when the lease is not in the investee's functional currency), the Group estimates the rate to be applied using observable data (such as market interest rates) if available, and making specific considerations about the terms and conditions of the investee.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

Relevant information on the accounting principles and valuation criteria adopted for the preparation of the consolidated financial statements as at December 31, 2024 are set out below.

Basis of consolidation principals

The consolidation scope includes the Parent Company SIT S.p.A., and the companies in which SIT S.p.A., holds, directly or indirectly, a majority stake or majority voting rights, or where it has the power to determine - also through contracts - the financial and operating policies.

The Group exercises control when it is exposed to or has the right to variable income streams, based on the relationship with the investee, and, at the same time, has the capacity to affect such income streams through the exercise of power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- the power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- the exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

Generally, there is presumption that the majority of the voting rights results in control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group shall consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- voting rights or potential voting rights of the Group.

The Group reconsiders if it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements at the date in which the Group obtains control until the date in which the Group no longer exercises control.

The profit/(loss) and each of the other comprehensive income statement items are allocated to the shareholders of the parent company and minority shareholders, even if this implies that the minority shareholder investments have a negative balance. Where necessary appropriate adjustments are made to the financial statements of the subsidiaries, in line with the accounting policies of the Group. All assets and liabilities, shareholders' equity, revenues and costs, and inter-company cash flows relating to transactions between entities of the Group are completely eliminated on consolidation.

Changes in the holdings of subsidiaries which do not result in the loss of control are recognised under equity.

If the Group loses control of a subsidiary, it must eliminate the relative assets (including goodwill), liabilities, minority interests and other equity items, while any gain or losses are recorded in the income statement. Any holding maintained must be recorded at fair value. The companies included in the consolidation scope are as follows:

Entity	Country	City	Currency	Share capital (currency units)	% Share Owned
SIT S.p.A.	Italy	Padua	EUR	96,162,195	
Metersit S.r.l.	Italy	Padua	EUR	1,129,681	100
SIT Controls BV	Holland	Hoogeveen	EUR	46,000	100
SIT Gas Controls Pty Ltd	Australia	Mulgrave	AUD	100,000	100
SIT Controls USA Inc.	USA	Charlotte	USD	50,000	100
SIT Controls Deutschland GmbH	Germany	Arnsberg	EUR	51,129	100
SIT Controls CR, S.r.o.	Czech Republic	Brno	CSK	1,500,000	100
SIT Manufacturing N.A. Sa de CV	Mexico	Monterrey	MXN	172,046,704	100
SIT de Monterrey N.A. SA de CV	Mexico	Monterrey	MXN	50,000	100
SIT Controls Canada Inc.	Canada	Ontario	CAD	14,947	100
S.C. SIT Romania S.r.l.	Romania	Brasov	EUR	2,165,625	100
SIT Manufacturing (Suzhou) Co. Ltd	China	Suzhou	EUR	2,600,000	100
SIT Argentina S.r.l.	Argentina	Santa Fe	ARS	90,000	100
JANZ – Contagem e Gestão de Flúidos, SA	Portugal	Lisbona	EUR	1,000,000	100
Plast Alfin S.a.r.l.	Tunisia	Ben Arous	EUR	10,454	100
Sit Controls Tunisia S.u.a.r.l.	Tunisia	Tunisi	EUR	1,561,303	100
Sit Metering S.r.l.	Italy	Padua	EUR	1,500,000	100
Metersit UK Ltd	United Kingdom	Manchester	GBP	150,000	100
SIT Motors & Blowers Technology S.r.l.	Italy	Padua	EUR	1,192,143	70

Information on the SIT MBT S.r.l. transaction

On April 1, 2024, the Parent Company transferred the business dedicated to ventilation and components for cooker hoods and pellet stoves to the company "Motors & Blowers Technology S.r.l.", which from that date changed its name to SIT Motors & Blowers Technology S.r.l.. (hereinafter also referred to as "SIT MBT S.r.l."). Following this contribution, SIT holds 70% of the company SIT MBT S.r.l..

This transaction cannot be configured as an aggregation pursuant to IFRS 3 as the business was already under the control of SIT S.p.A. before the transfer, so the recognition was carried out in accordance with the requirements for *"business combinations under common control"*.

In addition, the purchase agreement provides that the quotas held by minority quotaholders are subject to reciprocal call and put options. Specifically, the put option in favour of minority quotaholders can be exercised upon reaching a target level of Revenues of the "Cooker Hoods" sector within 30 days of the approval of the financial statements as at December 31, 2028 or the approval of previous financial statements or upon reaching a target EBITDA level which can always be exercised within 30 days of the approval of the financial statements as at December 31, 2028.

The same conditions are provided for the Call option, which can be exercised within 30 days from when the possibility of exercising the Put expires. The call option also provides for the possibility of exercising even if EBITDA has not reached the level at the time of approval of the financial statements as at December 31, 2028. There are also further options relating to change of control and exit of the two minority quotaholders who are also employees ("managers"). The consideration for the first two options and the change of control options is calculated on the basis of a multiple of the EBITDA at the date and adjusted for the purpose of considering the net financial position of the company.

These instruments were measured at fair value at the date of transfer and as of December 31, 2024; for the purpose of determining the value of the option, the Directors has been supported by an independent expert who estimated the fair value as of April 1, 2024 and updated the estimate as of December 31, 2024. The option towards the non-employee third-party quotaholder was recognised in accordance with IFRS 9. The liability, that was discounted at a rate of 6.240%, is subject to measurement at each subsequent closing period, the effect of the variation at each closing date will be recognized at income statement. As of December 31, 2024, the liability amounted to Euro 3.6 million and is posted under Other non-current liabilities.

Options to shareholders who are also employees have been recognised as “Cash-settled share-based payment” instruments in accordance with IFRS 2. The cost is recognised in the income statement proportionally for the duration of the vesting period.

Considering that the risks and rewards on the last 30% remain with minority interests, at the acquisition date, the liability recognised reduced the Group's equity; to minority will normally be allocated their respective part of profits and losses for the year.

Method of consolidation

The subsidiaries are consolidated under the line-by-line method, which provides for the full inclusion of all of the financial statement line items, without considering the shareholding.

The foreign companies are consolidated utilising the financial statements prepared in accordance with those utilised by the Parent Company and as per common accounting policies.

The carrying amount of investments is eliminated against the corresponding share of the equity of the subsidiaries, allocating to the individual assets and liabilities their present value at the date of the acquisition of control. Any positive difference is recorded in the non-current asset account “Goodwill”. The share of equity and results attributable to minority interests are recorded separately in the balance sheet and income statement respectively.

In the preparation of the consolidated financial statements all balances and transactions between Group companies and unrealised gains and losses on inter-company transactions are eliminated.

Translation of accounts in foreign currencies: Group Companies

The financial statements of the Group companies included in the consolidated financial statements are presented in the functional currency of the main markets in which they respectively operate. At the reporting date, the assets and liabilities of the companies whose functional currency is not the Euro are converted into the preparation currency of the Group consolidated financial statements at the exchange rate at that date. The income statement accounts are converted at the average exchange rate, as such is considered representative of the average of the exchange rates at the dates of the individual transactions. The differences deriving from the adjustment of opening shareholders' equity to the exchange rates at the end of the period and the differences deriving from the different methods used for the translation of the result are recorded to the comprehensive income statement. On the sale of a net investment in a foreign operation, the items in the statement of comprehensive income relating to this foreign operation are recorded in the income statement.

The goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are recorded

as assets and liabilities of the foreign operation and therefore are recorded in the functional currency of the foreign operation and translated at the exchange rate at the reporting date.

The table below presents the exchange rates utilised for the conversion of the financial statements in currencies other than the Group functional currency (Euro).

Currency	2024		2023	
	December 31, 2024	Average 2024	December 31, 2023	Average 2023
Mexican Peso	21.5504	19.8314	18.7231	19.1830
Argentinean Peso	1070.806	989.9196	892.9239	314.1127
Romanian Leu	4.9743	4.9746	4.9756	4.9467
US Dollar	1.0389	1.0824	1.1050	1.0813
Canadian Dollar	1.4948	1.4821	1.4642	1.4595
Czech Crown	25.185	25.1198	24.7240	24.0043
Australian Dollar	1.6772	1.6397	1.6263	1.6288
Chinese Yuan	7.5833	7.7875	7.8509	7.6600
Tunisian Dinar	3.308	3.3663	3.3936	3.3556
UK Sterling	0.82918	0.84662	0.8691	0.8698

Translation of accounts in foreign currencies: transactions and balances

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Exchange rate differences realised or arising on the translation of monetary items are recorded in the income statement, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the comprehensive income statement until the sale of the net investment, and only then is the total amount reclassified to the income statement. The income taxes attributable to the exchange differences on the monetary items are also recorded in the comprehensive income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded.

Valuation at fair value

The Group measures financial instruments such as derivatives and warrants at their fair value at each reporting date.

According to applicable accounting standards (IAS/IFRS) "a contract that will be settled through a variable number of the entity's own shares, whose value is equal to a fixed amount or an amount based on changes in an underlying variable, is a financial asset or a financial liability. When a financial asset or financial liability is initially recognised, an entity shall measure it at its Fair Value. The profit (or loss) arising from a change in the Fair Value of a financial asset or financial liability that is not part of a hedging relationship must be recognised to the income statement". For accounting purposes, therefore, market warrants were recognised as financial liabilities at their fair value at the designation date.

Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date under the following conditions:

- there exists a principal market of the asset or liability and it is accessible for the group;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

Business combinations and goodwill

The business combinations, in which the control of a company/entity is acquired, are recorded applying the purchase method, whereby the assets and liabilities acquired are initially measured at their market value at the acquisition date. The difference between the acquisition cost and the Group share of equity is allocated to specific statement of financial position items to the extent of their present value at that date; any residual excess, if positive, is allocated to goodwill and if negative is recognised to the income statement. The acquisition cost is based on the fair value, at the purchase date, of assets sold, of liabilities incurred and of capital instruments issued, and any other accessory charges.

Goodwill represents the surplus of the acquisition cost compared to the purchaser's share of the identifiable fair value of the current and potential assets and liabilities of the entity acquired.

After initial recognition, goodwill is measured at cost less any loss in value. Subsequent to acquisition, goodwill is subject to a recoverability (impairment) analysis conducted annually or at shorter intervals in the case of events or changes occurring that could result in possible impairments. Any goodwill at the acquisition date is allocated to each cash generating unit (hereafter CGU) expected to benefit from the synergies deriving from the combination. Any loss in value is identified by means of valuations based on the ability of each CGU to produce cash flows for the purposes of recovering the part of goodwill allocated, with the methods described in the "impairments" section.

If, at the end of the period in which the combination takes place, the initial accounting for a business combination is incomplete, the provisional amounts of the items whose accounting is incomplete are recognised in the financial statements. During the valuation period, the provisional amounts recognised at the acquisition date are retroactively adjusted to reflect new information obtained regarding facts and circumstances that existed at the acquisition date which, if known, would have affected the valuation of the amounts recognised at that date. The valuation period shall not extend for more than one year from the date of acquisition.

If the recoverable value of the cash generating unit is less than the attributed carrying amount, the loss in value is recorded. This loss is not restated if the elements that generated it no longer exist. Where the goodwill is allocated to a CGU and the Group disposes of a part of the assets of this unit, account must be taken of goodwill for the calculation of the disposal gain or loss.

Other intangible assets

Other intangible assets, acquired separately and held by the Group, are recognised to assets at acquisition cost where the cost may be reliably established and it is probable that usage will generate future economic benefits. The useful life is valued as indefinite or definite.

Other intangible assets with indefinite useful life are not subject to amortisation and a review is carried out each year to establish whether circumstances supporting their classification as having indefinite useful life exist. In accordance with IAS 36, these assets are subject to impairment tests for any permanent value reductions.

Other intangible assets with definite useful life are recorded at acquisition or production cost, net of the relative accumulated amortisation and any impairments established according to the means indicated in the "Impairments" section below. Amortisation, which begins when the intangible asset is available for use, is calculated on a straight-line basis over the estimated useful life, which is reviewed on an annual basis. Any changes, where necessary, are reflected prospectively. The rates used for amortisation (by category) are as follows:

Intangible assets with definite useful life	Average rate
Product development costs	Straight-line over 5 years
Licenses	Straight-line over 3 years
SIT brand	Straight-line over 20 years
Janz Brand	Straight-line over 10 years
Heating Technology	Straight-line over 12 years
Metering technology	Straight-line over 10 years
Water metering	Straight-line over 7 years
Customer List Heating	Straight-line over 15 years
Customer List Water metering	Straight-line over 15 years
Order backlog	Duration of the contract

Research and development costs

Research costs are recognised profit or loss in the year in which they are incurred. Development costs incurred in relation to a specific project are only capitalised when the technical feasibility of completing the intangible asset exists to make it available for use or sale, in addition to the ability and intention to use or sell the asset to generate future benefits demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself or a utility to be used internally and the availability of technical, financial and other types of resources suitable to complete the intangible asset's development and use or sale and the ability to reliably measure the cost attributable to its development. Capitalised development costs include only those costs that are directly attributable to development.

Subsequent to the initial recording, the development costs are valued at cost less amortisation or accumulated losses. Any capitalised development costs are amortised in the period in which the expected revenue from the project is generated. The carrying amount of development costs is reviewed annually to identify any impairment, when the asset is not yet in use, or more frequently if there are indicators of possible impairment. Any impairments identified are recognised to the income statement.

Property, plant and equipment

Property, plant & equipment are recognised at historic acquisition or production cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired, and recorded net of the relative accumulated depreciation provisions and any cumulative loss in value. If major components of tangible fixed assets have different useful lives, they are accounted for separately.

Financial charges directly attributable to the acquisition or construction of a qualifying asset shall be capitalised as part of the cost of that asset. All other financial charges are recorded in the income statement when incurred.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred.

Depreciation is calculated on a straight-line basis from the moment the asset is available for use according to the estimated useful life of the asset; the useful life is reviewed annually and any changes, where necessary, are applied prospectively. The depreciation rates applied are as follows:

Property, plant & equipment	Rate %
Buildings	3
Light constructions	10
General plant	10
Specific plant	15.5
Kilns and accessories, production machinery	15
Various equipment and moulds	25,00 - 40.00
Motor and transport vehicles	20.00 – 25.00
Internal transport and lifting machinery	20
Furniture and fittings	12
EDP	20

The carrying amount of tangible fixed assets is tested for impairment when events or changes indicate that the carrying amount can no longer be recovered based on the current depreciation schedules, if there is an indication of this type and in the case where the carrying amount exceeds the realisable value, the assets must be written down to their recoverable value,

The impairments are recognised to the income statement. Such losses are restated when the reasons for their write-down no longer exist.

Upon sale or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Leasing

Finance lease contracts are capitalized under property, plant and equipment starting from the lease start date and measured at the fair value of the leased asset or, if lower, at the present value of the lease payments. A financial debt of the same amount is recognised as liabilities, the value of which is equal to the present value of future rents, discounted at the implied lease interest rate or at the marginal financing rate. This value is progressively reduced on the basis of the repayment plan of the capital portions included in the contractually stipulated rents.

The lease payments are divided between the principal and the interest portion, so that a constant interest rate is applied to the remaining balance of the debt (principal portion). Financial charges are charged to the income statement.

The assets are depreciated over the term of the lease contract.

Investments

An associate is a Company in which the Group exercises significant influence. "Significant influence" refers to the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control.

With the equity method, the investment in an associated company or a joint venture is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the group's share of the profit or loss after the date of acquisition. The goodwill relating to the associate or joint venture is included in the book value of the investment and is not subject to a separate impairment test.

The profit/(loss) statement for the year reflects the Group's portion of the operating result of the associated company or joint venture. Any change in the other components of the statement of comprehensive income relating to these investee companies is presented as part of the Group's statement of comprehensive income.

In addition, if an associate records a change directly to equity, the Group records its share (where applicable) in the statement of changes in equity.

Unrealised gains and losses deriving from transactions between the Group and associated companies are derecognised in proportion to the shareholding in that associate.

The aggregate share attributable to the Group of the result for the year of associated companies is shown in the profit/(loss) statement for the year after the operating result and represents the result net of taxes and of the share of the other shareholders of the associate.

The financial statements of associates and joint ventures are prepared at the same reporting date as the Group financial statements. Where necessary, the financial statements are adjusted in line with those utilised by the Group.

The investments in other companies are measured at fair value through equity. In such cases, the amounts previously taken to other comprehensive income are not recycled to the income statement upon disposal. When the fair value cannot be reliably determined, these investments are measured at cost, adjusted for impairment, which is taken to the income statement. If the reasons for the recognition of the impairment loss no longer exist, the previously recognised impairment loss shall be reversed. The amount of the reversal shall be recognised in the income statement.

Impairment of non-financial assets

IAS 36 requires the assessment at each reporting date of impairments to tangible and intangible fixed assets amid indicators that such a loss may exist. In assessing whether there are any indicators that an asset with definite useful life may be impaired, an entity shall consider internal and external information sources. Relating to internal sources, consideration is made of whether there have been significant changes in the use of the asset and whether the economic performance of the asset is different than expected. For external sources, consideration is taken of technological or market or regulation discontinuation which may reduce the value of the asset.

Independently of whether there are internal or external reductions in value, intangible assets with indefinite useful life and goodwill are subject at least annually to an impairment test, as required by IAS 36. In both cases of a verification of the carrying amount of intangible assets with definite useful life or of the carrying amount of intangible assets with indefinite useful life and goodwill, the Group makes an estimate of the recoverable value.

The impairment of goodwill is determined through a valuation of the recoverable value of the cash generating unit (or group of units) to which the goodwill is allocated.

The recoverable value is the higher between the fair value of an asset or a CGU less costs to sell and its value in use and is determined for each asset, except when the asset does not generate cash flows which are sufficiently independent from those generated from other assets or groups of assets; in this case the recoverable value of the cash generating unit to which the asset belongs is estimated. When the carrying amount of an asset or cash-generating unit is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted at a rate that reflects the market assessment of the time value of money and the specific risks of the asset.

For the purposes of estimating the value in use, future revenue streams are obtained from the Group's business plans, which constitute the best estimate on the forecast economic conditions over the period of the plan. The long-term growth rate used to estimate the terminal value of the asset or unit is normally lower than the average long-term growth rate for the sector, country or market and, if appropriate, may amount to zero or may even be negative. Future cash flows are estimated taking account of current conditions: the estimates therefore do not consider the benefits deriving from future restructurings for which the Company has not committed or future investments or optimisation of the assets or of the unit. Impairment losses incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.

At each reporting date, an evaluation is made of any indicators of a recovery in the loss in value previously recorded and, where these indicators exist, an estimate is made of the recoverable value. The value of an

asset previously written down, except for goodwill, may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. In this case, the carrying amount following a restatement shall not exceed the carrying amount that would have been determined (net of write-downs or amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A restated amount is recorded as income in the income statement, except when the asset is recorded as a revalued amount, in which case the restatement is treated as an increase of the revaluation. After the recording of the amount restated, the depreciation of the asset is adjusted in future years, in order to record the adjusted book value of the asset, net of any residual value, on a straight-line basis over the useful life of the asset.

Financial assets

The financial assets are classified as follows:

- financial assets at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

The classification depends on the business model within which the Group holds the financial assets and the characteristics of the contractual cash flows arising from them. The Group classifies financial assets on initial recognition, with subsequent verification at each reporting date. Financial assets are initially measured at fair value, plus accessory costs, for assets not measured at fair value.

Financial assets at amortised cost

Financial assets that meet both of the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

The amortised cost is calculated as the initial value recorded less the repayment of the capital portion, plus or less the accumulated amortisation using the effective interest rate method of any difference between the initial value recorded and the amount at maturity. This calculation includes all the commissions or points paid between the parties which are an integral part of the effective interest rate, transaction costs and other premiums or discounts. For investments measured at amortised cost, the gains and losses are recognised in the income statement when the investment is eliminated or if there is an impairment, in addition to the amortisation process.

Financial assets at fair value through other comprehensive income

Financial assets that satisfy the following conditions are measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved both through the collection of contractual cash flows and the sale of the financial assets;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

When the financial asset is disposed of, the amounts previously taken to other comprehensive income are recycled to the income statement.

Financial assets at fair value through profit or loss

A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is measured at fair value with changes in value taken to profit or loss in the year in which they occur.

Derecognition of financial assets

A financial asset is eliminated from the financial statements when:

- the right to receive the cash flows of the asset terminate;
- the Group retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party;
- the Group has transferred its right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset or (ii) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control.

Where the Group has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Group up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the Group could be required to pay, whichever is less.

Inventories

Raw materials, ancillary and consumables and semi-finished products are measured at the lower of acquisition cost, including accessory charges, and the net realisable market value. The cost of inventories includes purchase costs and other costs incurred in bringing the inventories to their present location and condition, excluding financial charges.

The method utilised for the determination of the cost of inventories is the weighted average cost method for raw materials and consumables and finished products acquired for resale, and from the cost of materials and other direct costs incurred, taking into account the stage of completion of the production process, for the products in work-in-progress/semi-finished and finished products from production.

The net realisable value is represented by the estimated normal sales price less the estimated costs for completion and estimated costs to sell. Obsolete and/or slow-moving inventories are written down in relation to their presumed utilisation or realisable value. Write-downs are restored in future years should the reason for the write-down no longer exist.

Trade receivables and other current assets

Receivables under current assets are recorded initially at fair value, identified as the nominal value. Trade receivables which mature within the normal commercial terms are not discounted since the effect of discounting the related cash flows is deemed immaterial.

Receivables due beyond one year, non-interest bearing or which mature interest below market rates are discounted using market rates. Trade receivables are discounted wherever payment terms are greater than the average payment term granted.

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognised to the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost. In addition to the assessment discussed in the previous paragraph with regard to impairment, the estimated credit losses are complemented by an analysis of expected losses.

Trade payables and other liabilities

Trade payables, which mature within the normal commercial terms, are not discounted and are recognised at cost (identified by their nominal value). They are not discounted as the effect of the discounting of cash flows is insignificant.

Other liabilities included among current and non-current liabilities are substantially recognised at cost, corresponding to the fair value of the liabilities, net of settlement costs which may be associated with the issue of the liability. After initial recognition, the financial liabilities shall be measured at amortised cost using the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

Financial liabilities

The Group does not have financial liabilities for trading purposes. All financial liabilities other than derivative instruments are initially recorded at the fair value received net of transaction costs (commissions or loan charges).

Financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled. Where an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

Derivative financial instruments

Derivative financial instruments, as per the company policies approved by the Board of Directors, are exclusively used for hedging purposes, in order to reduce the foreign currency or interest rate risk. In accordance with IFRS 9, financial derivatives may be accounted for under hedge accounting only when, at the beginning of the hedge, the following conditions are met:

- the formal allocation of the hedging instrument exists;
- documentation is available demonstrating the hedging and a high degree of efficacy;
- such efficacy can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated. All derivative financial instruments are measured at fair value, in accordance with IFRS 9.

Derivative financial instruments are initially recognised at Fair Value.

When the hedged derivatives cover the risk of a change in the Fair Value of the instruments hedged (Fair Value hedge), these are recorded at Fair Value through the income statement; therefore, the hedged instruments are adjusted to reflect the changes in Fair Value associated with the risk covered. Where hedging derivatives relate to cash flow changes of the hedged instruments (Cash flow hedges), the changes to the fair value are recognised as a comprehensive income statement component.

If the derivative instruments do not qualify as accounting hedges, the changes in the fair values are directly recorded to the income statement.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase price and the payment received, in the case of reissue, is recorded in the share premium reserve.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a defined nature and of certain or probable existence whose amount or date of occurrence are uncertain at the reporting date. The provisions for risks and charges are recorded when a legal or implicit current obligation exists that derives from a past event and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated.

Where the expected use of resources extends beyond the subsequent year, the obligation is recognised at the present value established through discounting the expected future cash flows at a rate which takes into account the cost of money and the risk of the liability.

For the risks for which the recognition of a liability is considered possible, relative disclosure is made and no provision is recorded.

Post-employment benefit provision

Post-employment benefits issued at the time of or subsequent to employment are divided between defined contribution plans and defined benefit plans. For the defined contribution plans, the legal or implied obligation of an enterprise is limited to the amount of contributions to be paid. For the defined benefit plans, the obligation of the entity concerns the granting and assurance of the agreed employee plans: consequently, the actuarial and investment risks are borne by the company.

Until December 31, 2006, the Post-employment benefits for the Italian Group companies were classified as "defined benefit" type plans, with independent actuaries utilising the unitary projection method for valuing the receivable. This calculation involves an estimate of the amount of the benefit to be received by an employee at the expected employment conclusion date, utilising demographic assumptions (e.g.

mortality rates and personnel rotation rates) and financial assumptions (e.g. the discount rate and future salary increase rates). This amount is discounted and repropportioned on the basis of the years of services matured compared to the total years of service.

Following the reform introduced through Law No. 296 of December 27, 2006, the Post-employment benefit of the Italian Group companies, for the portion matured from January 1, 2007, was substantially considered as classifiable as a “defined contribution plan”. In particular, these amendments introduced the option for the worker to choose the allocation of their maturing Post-employment benefit as follows: new Post-employment benefits accruing may, in companies with more than 50 employees, be channelled by the worker to pre-chosen pension forms or transferred to the INPS Treasury Fund.

In relation to the presentation in the income statement of the various cost items relating to the post-employment benefit it was decided to apply the accounting method permitted by IAS 19 which requires the separate recognition in the income statement of the cost items relating to employment services (classified under personnel expense) and net financial charges (classified under financial items), with recording of the actuarial gains and losses deriving from the measurement each year of the assets and liabilities in the comprehensive income statement. The gains and losses deriving from the actuarial calculation of the defined benefit plans (Post-employment provision) was entirely recorded to the comprehensive income statement.

Share-based payments

Equity-settled share-based payment transactions

A number of strategic Group employees receive part of their remuneration in the form of share-based payments, with these employees therefore providing services in exchange for shares (“capital instrument regulated transactions”).

The cost of the equity-based transactions is determined by the fair value at the assignment date utilising an appropriate valuation method, as illustrated in greater detail at Note 38.

This cost, together with the corresponding increase in shareholders’ equity, is recorded under personnel expense over the period in which the performance and/or service conditions are satisfied. The cumulative costs relating to these operations at each balance sheet date until the maturity date are compared to the maturity date and to the best estimates available of the number of participating instruments which will effectively mature. The cost or revenue recorded in the income statement for the year represents the change of the cumulative cost recorded at the beginning and at the end of the year.

The service or performance conditions are not taken into consideration when the fair value of the plan is defined at the assignment date. Account however is taken of the probability that these conditions will be satisfied in calculating the best estimate of the number of equity instruments which will mature. The service conditions are reflected in the fair value at the assignment date. Any other condition related to the plan, which is not a service obligation, is not considered as a maturation condition. The non-maturation conditions are reflected in the fair value of the plan and result in the immediate recording of the plan cost, unless there are also service or performance conditions.

No cost is recorded for the rights which do not mature as the performance and/or service conditions are not satisfied. When the rights include a market condition or a non-maturation condition, these are treated as if they independently mature from the fact that the market conditions or the other non-maturation conditions to which they are subject are complied with or otherwise, provided that all the other performance and/or service conditions are satisfied.

If the conditions of the plan are modified, the minimum cost to be recorded is the fair value at the allocation date in the absence of changes to the plan, in the presumption that the original conditions of the plan were satisfied. In addition, a cost will be recorded for all changes which result in an increase in the total fair value of the payment plan, or which is in any case favourable for employees; this cost is measured with reference to the date of the change. When a plan is cancelled by the entity or by the counterparty, any remaining element of the fair value of the plan is expensed immediately in the income statement.

The effect of the dilution of the options not yet exercised is reflected in the calculation of the diluted earnings per share (further details provided at Note 37).

Revenue recognition

Core business revenues refer to sales of safety, comfort and high-performance systems for gas equipment (Heating Division) and of gas meters with remote control, consumption measurement, meter-reading and communication features (Metering Division).

These revenues include a single performance obligation relating to the sale of the product, which does not include ancillary services or products that might qualify as separate performance obligations under the Standard.

Sales are recognised at the fair value of the consideration received for the sale of products and services, when the following conditions are met:

- control over the promised goods or services is transferred;
- it is probable that the economic benefits associated with the sale will flow to the enterprise and they may be determined reliably;
- the costs incurred, or to be incurred, have been reliably measured.

They are recorded net of returns, discounts, rebates and taxes directly associated with the sale of the product or the provision of the service. When defining the amount of the variable consideration that may be included in the transaction price, at each reporting date the Group calculates the amount of the variable consideration that still cannot be regarded as earned.

The terms of sales warranties are in line with the law and/or consistent with commercial practice in the sector. The Group therefore accounts for warranties in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Costs

Costs are exposed according to the principle of economic accrual and cost-income correlation.

Costs are classified according to their nature.

Advertising and research costs are capitalized in accordance with IAS 38 Intangible Assets. To determine the values to be capitalized, the directors must develop hypotheses regarding the future cash flows expected from the fixed assets, the discount rates to be applied and the periods of manifestation of the expected benefits.

Dividends

Dividends are recognised when the right of the Group to receive payment arises, typically when the Shareholders' Meeting approves distribution.

Financial income and charges

This includes all the accounts of a financial nature recorded in the income statement in the period, including interest expense matured on financial debt (mainly on bank overdrafts, medium/long-term loans), the changes in the fair value of financial liabilities (Performance Shares and Warrants), the currency gains and losses, gains and losses from derivative financial instruments (in accordance with the accounting criteria previously defined) and the interest expense deriving from the accounting treatment of the employee provisions (IAS 19).

Interest income and charges are recorded in the income statement in the period when they incurred/matured.

Current income taxes

Income taxes include all the taxes calculated on the assessable income of the Group. They are recognised to the income statement, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognised directly in equity.

Tax receivables and payables for the year are valued at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those in force at the reporting date.

Deferred taxes

Deferred tax assets/liabilities are calculated on all temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

Deferred tax liabilities are recorded on all temporary assessable differences, with the following exceptions:

- when the deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognised on all temporary deductible differences, credits and unused fiscal losses carried forward, to the extent of the probable existence of adequate future tax profits, that can justify the use of the temporary deductible differences, credits and fiscal losses carried forward, with the following exceptions:

- when the deferred tax assets related to the temporary deductible differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;

- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

Deferred tax assets are recorded when their recovery is considered probable, based on expected availability of future taxable income for recovery. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be generated in the future for the utilisation of all or part of the asset. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the taxable income is sufficient to permit such deferred tax assets to be recovered.

Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the liabilities are paid, considering the rates in force and those already issued or substantially issued as of the reporting date of the financial statements.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, there is a legal right to offset current tax assets and current tax liabilities and if deferred tax assets and liabilities relate to income taxes due to the same tax authority by the same taxpayer or other taxpayers who intend to settle the current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, with reference to each future period in which the assets and liabilities for deferred taxes are expected to be settled or recovered.

Earnings per share

The basic earnings per share is calculated by dividing the net profit or loss attributable to ordinary equity holders of the Parent Company (the numerator) by the average weighted number of ordinary shares in circulation (the denominator) during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into. Contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date on which all necessary conditions have been satisfied (i.e. the events have occurred). Shares whose issue is subject only to the lapsing of time are not contingently issuable shares, as the lapsing of time is a certainty.

Diluted earnings per share

Diluted earnings per share are calculated by dividing the company's net profit by the number of shares of the parent company at the financial statements' date of approval. To calculate the diluted earnings per share, shares are modified by including all beneficiaries of rights which potentially have a dilutive effect in the accounting period.

Grants

Grants from public bodies are recorded at fair value when there is a reasonable certainty that the conditions required to obtain them will be satisfied and they will be received.

Grants received against specific assets or development activities whose value is recorded under fixed assets are recognised as a direct reduction of the fixed assets and credited to the Income Statement in relation to the residual depreciation period to which the asset refers. Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognition.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET

Non-current assets

Note 1: Goodwill and Other intangible assets

(Euro.000)	Balance at Dec. 31, 23	Acquisition	Increases	Disposals	Amortisation	Other movements	Write- downs	Translation differences	Balance at Dec. 31, 24
Goodwill	70,946	-	(0)	-	0	-	(7,668)	-	63,278
Development costs	727	-	194	-	(206)	-	-	-	715
Patent rights	6,924	1	315	-	(2,675)	78	-	(12)	4,631
Concessions, licences	17,163	-	1	-	(1,659)	-	-	(411)	15,094
Other intangible	21,917	-	305	-	(4,057)	405	-	0	18,570
Intangible assets in	4,050	-	4,473	(119)	-	(433)	-	(3)	7,967
Total other intangible assets	50,781	1	5,288	(119)	(8,598)	50	-	(426)	46,978
Total Goodwill and Other intangible assets	121,727	1	5,288	(119)	(8,598)	50	(7,668)	(426)	110,256

GOODWILL

As of December 31, 2024, goodwill amounted to Euro 63,278 thousand.

The amount includes:

- Euro 78,138 thousand, recognised following the acquisition of SIT La Precisa S.p.A. on May 2, 2014. Pursuant to IFRS 3 - Business combinations, at the time of acquisition, the assets and liabilities of the Group subject to acquisition were measured at their fair value at the acquisition date. The excess between the transaction amount (201,553 thousand euros) and the fair value of the assets and liabilities acquired was allocated (where possible) to identifiable assets.
- Euro 8,617 thousand, recognised following the acquisition of JANZ – Contagem e Gestão de Flúidos, SA, completed on December 29, 2020. The business combination was accounted under IFRS 3 standard.
- Euro 1,191 thousand, booked following the acquisition of Plast Alfin S.a.r.l., which took place on July 17, 2020. The transaction is allowing the Group to achieve cost savings by internalizing the production of some plastic components.
- Euro 17,000 thousand impairment losses following impairment tests carried out as of June 30, 2023 during the preparation of the half-year financial report and attributable to the Heating & Ventilation CGU.
- Euro 7,668 thousand impairment losses following impairment tests carried out as of December 31, 2024, at the time of preparation of the annual financial report and attributable to the Heating & Ventilation CGU.

As a result of the write-downs highlighted above, goodwill, amounting to 63,278 thousand euros as of December 31, 2024, is allocated to the Heating & Ventilation CGU for 37,454 thousand euros, to the Smart Gas Metering CGU for 17,207 thousand euros and to the Water Metering CGU for 8,617 thousand euros.

DEVELOPMENT COSTS

As of December 31, 2024, development costs amounted to Euro 715 thousand.

This item consists of the capitalization by Janz of internal personnel costs, external consultants and prototypes attributable to the *Smartio* project for Euro 194 thousand and the annual depreciation of Euro 206 thousand of the *Vision* project in place with one of the company's main customers and concerning the design and supply of electronic gas meters with dual communication channels with Additional features.

PATENTS AND INTELLECTUAL PROPERTY RIGHTS

The item includes technical production know-how and non-patented technology identified as part of the May 2014 combination, for an original amount of Euro 25,322 thousand. This amount corresponds to the allocation of a portion of the higher price paid compared to the book values of consolidated equity, based on an appraisal report prepared by independent experts. As of December 31, 2024, the residual value was Euro 2,013 thousand, entirely relating to the Heating & Ventilation segment. It should be noted that the Know-how relating to the Smart Gas Metering sector ended the amortization period on 30 April 2024.

The amount also includes the effects of the allocation of the higher price paid for the acquisition of JANZ, which was then allocated to Know How, for an original value of Euro 3,352 thousand. As of December 31, 2024, the residual value was 1,437 thousand euros, depreciated over 7 years.

The item also includes software licenses and the costs of registering new industrial patents or registering existing industrial patents for new countries.

The changes that occurred during the year are mainly attributable to the amortization for the period, the increases refer to the filing of new patents and the implementation of new software.

CONCESSIONS, LICENSES, TRADEMARKS

The amount of 15,094 thousand euros is mainly attributable to the value of the "SIT" and "Metersit" brands, identified for a total original amount of 23,995 thousand euros as part of the combination of the company SIT La Precisa S.p.A. on May 2, 2014; these values were determined with the support of an appraisal report drawn up by independent experts. As of December 31, 2024, the residual value was Euro 9,423 thousand relating to the Heating & Ventilation segment and Euro 1,774 thousand relating to the Smart Gas Metering segment.

The amount also includes the effects of the allocation to the trademarks of the higher price paid for the acquisition of JANZ, for an original value of Euro 2,038 thousand. As of December 31, 2024, the residual value was 1,223 thousand euros, depreciated over 10 years.

The changes that occurred during the year are mainly attributable to the depreciation for the period.

OTHER INTANGIBLE ASSETS

This item, amounting to 18,570 thousand euros, includes the residual value of the customer relationship identified, with reference to the Heating & Ventilation segment, in the context of the acquisition of SIT La Precisa S.p.A. on May 2, 2014, the fair value of which was originally determined at 42,690 thousand euros; this value had been determined on the basis of an appraisal report drawn up by independent experts. The residual value of the customer relationship as of December 31, 2024 was Euro 12,333 thousand.

The item also includes the effects of the allocation of the higher price paid for the acquisition of JANZ, which was then allocated to Customer Relationship, for an original value of Euro 7,206 thousand and to Backlog Order for an original value of Euro 1,013 thousand. The expected useful life was defined as 15 years and 4 years, respectively, the last one with non-linear depreciation, in proportion to the invoicing period of the contract. As of December 31, 2024, the residual value of the Customer Relationship was Euro 5,284 thousand. The Backlog order was fully depreciated in 2024.

This item also includes the costs incurred for the implementation of the SAP management system as well as the costs for the purchase of the Piteco Evolution centralized treasury management package.

INTANGIBLE ASSETS UNDER CONSTRUCTION

This item includes among the increases development costs that were capitalized during the year in relation to two projects relating to the Metering segment (*Smartio, G40*) for an amount of Euro 1,432 thousand and to seven projects relating to the Heating & Ventilation segment for Euro 2,880 thousand.

IMPAIRMENT TEST

The goodwill that emerges during the business combination, considered an intangible asset with an indefinite useful life, is not subject to an amortization process, but is subject to impairment testing at least on an annual basis for the purpose of identifying any impairment loss.

As of the 2024 financial statements, the impairment test carried out concerned the net invested capital (CIN) resulting from the consolidated financial statements relating to the Group's three Cash Generating Units (CGUs), CGU Heating & Ventilation, CGU Smart Gas metering and CGU Water Metering.

The value of the CIN (c.d. *carrying amount*), including goodwill and other intangible assets, was compared with its recoverable amount (c.s. *recoverable amount*), equal to the value in use determined using the discounted cash flow (DCF) method.

The impairment test was submitted for approval by the Board of Directors on 17 April 2025, following an analysis by the Control, Risk & Sustainability Committee on 10 April 2025.

In 2024, the Group recorded a reduction in consolidated revenues of 8.2% compared to 2023, with consequent effects on the result for the year. While the Metering sector as a whole marks a trend in line with the previous year, the decrease in revenues is attributable to the Heating & Ventilation business, which recorded a reduction of 11.7% compared to 2023, a year that in turn had recorded a reduction of 25.8% compared to 2022.

The market in the present and previous year was in fact influenced by the reduction of incentives that in previous years had supported the sector throughout Europe and which had led to a significant distortion of the normal dynamics of demand. In addition, the uncertainty about the evolution of the legislation on technological transition, which represents one of the main risk factors of climate change to which the Company is subject - in particular in the definition of the phase-out times of gas appliances and in the energy efficiency requirements of homes provided for by the EPBD (Energy Performance Building Directive) - has in fact led to a suspension of purchasing decisions by consumers. Finally, the reduction in household spending power as a result of persistent inflation and economic and geopolitical uncertainties, which negatively impacted many industrial sectors, also affected demand.

The 2024 financial year recorded lower results than originally expected and compared to the previous year and a revision of the forecasts for the coming years was necessary.

During the first months of 2025, on the basis of the 2025 Budget approved on 4 February 2025, the Company updated its multi-year business plan with reference to the period 2025 – 2029, which was subjected to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on 21 March 2025 (hereinafter, the "Plan").

The Plan presents the Group's development guidelines in the changed context, and lower objectives in terms of revenues and therefore results than the previous plan. In particular, the growth forecasts for the European residential market have been updated to take into account the 2024 trend and also the new forecasts regarding the sales of electric heat pumps, which represent one of the main technological threats as an alternative product to gas boilers and whose sharp slowdown in 2024, due to field performance and high operating costs, have caused medium-long term projections to be revised down sharply.

The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected over the period of the Fireplace Components Plan, where the Group holds a high market share, and a return to the water heating sector, with the start of production of a new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for kitchen hoods and CMV - Controlled Mechanical Ventilation.

The Company has long considered the possible evolution of demand for its products and solutions and is investing in the redefinition of its business portfolio as a response to the technological transition risks mentioned above.

The development lines of the Metering segments, both Smart Gas Metering and Water Metering, are defined and based on the important investments that utilities companies in the sector are planning and making for the digitization and modernization of distribution networks.

The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates.

The main growth assumptions assumed by the Group were analysed and the actions underway or envisaged in the Plan were verified to support revenue forecasts.

Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some *sensitivity analyses* on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider a slowdown or a distribution over more diluted horizons in some segments/markets. The implications deriving from the introduction of tariffs on exports to the US from Mexico – the Group's main exposure – were also considered through some scenario simulations that also take into account the location of competitors and therefore the possibility or not of *pass-through* of the impact to customers.

The set of *sensitivities* performed on the Plan and the simulations developed on the possible impact of the duties provide elements that suggest that the underlying assumptions and the results of the Plan are reasonable.

The Directors point out, however, that the Plan is based on a set of assumptions, which also include assumptions relating to future events that could not necessarily occur in the time and manner envisaged. The IBR results in terms of *sensitivity* were fully incorporated into the definition of the Plan's cash flows used in carrying out the impairment test and were also adjusted to incorporate the provisions of IAS 36, in particular excluding the effects relating to the development of a new product segment in the Heating & Ventilation CGU (commercial heat pumps) and the impacts of the renovation scheduled for the first part of 2025. Furthermore, any effects deriving from the application of duties by the US Administration were not considered as they were *not adjusting events* on the Company's financial statements as at 31 December 2024.

It should also be noted that in carrying out impairment activities, the Company availed itself of the support of a leading independent accounting consulting firm, which analysed the methodology used and the calculations carried out, issuing a favourable opinion on the results that emerged.

The parameters used to carry out impairment tests on the Group's CGUs are shown below.

CGU Heating & Ventilation

In carrying out the impairment test, the discount rate ("WACC") was estimated by assuming:

- Risk free rate: calculated on the average value of the 6 months prior to 31.12.2024 of the 10-year government bonds of the main countries where the CGU operates;
- Premium for market equity risk: assumed to be 5.50% on the basis of the latest surveys by the independent consulting firm Kroll and the latest studies by broker reports;
- Unlevered beta: calculated as the average value of a panel of listed companies deemed comparable with respect to the CGU's business on the basis of weekly observations over a 2-year horizon;
- Additional risk premium: in line with the impairment test carried out in 2023, it was deemed appropriate to include execution risk by confirming 1.5% as the additional premium;
- Rate for the calculation of the cost of debt: assumed to be equal to the average, on a six-monthly basis, of the interbank Euribor rate with a ten-year maturity;
- Estimated spread: calculated on the average value of the market credit spreads of the panel of comparable companies used for the estimation of the Beta;
- Financial structure: calculated on the average value of the financial structures of the panel of comparable companies used for the estimation of the Beta.

The resulting discount rate (WACC) is 10.20% and reflects market valuation estimates, the cost of money and takes into account the specific risk of the CGU, as well as the sector.

In calculating the Terminal Value, the average revenues of the last three years of the Plan were taken as a reference, to which the assumed long-term growth rate (g-rate) of 2.1% was applied.

The estimated recoverable amount is equal to Euro 170,505 thousand and has been compared with the related carrying amount of the net invested capital of the CGU as of 31.12.2024, equal to Euro 178,173 thousand. Therefore, considering the assumptions described, at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of CGU Heating & Ventilation was lower than the net carrying amounts and therefore it was decided to recognize a lasting impairment loss and to

write down goodwill for an amount of Euro 7,668 thousand. The results obtained were subjected to sensitivity tests in order to find that the result of this evaluation process could change according to key assumptions such as the discount rate for the discounting of cash flow and the g rate. The following table summarizes this sensitivity.

		WACC	WACC	WACC
		10.5%	10.2%	10.0%
g rate	2.3%	(9,357)	(4,194)	1,386
g rate	2.1%	(12,586)	(7,668)	(2,364)
g rate	1.8%	(15,627)	(10,935)	(5,883)

CGU Smart Gas Metering

The WACC of the CGU Smart Gas Metering was estimated by assuming:

- Risk free rate: calculated on the basis of the average value of the 6 months prior to 31.12.2024 of the 10-year government bonds of the main countries where the CGU operates;
- Market equity risk premium: assumed to be 5.50% on the basis of the latest surveys by the independent consulting firm Kroll and the latest studies by broker reports;
- Unlevered beta: calculated as the average value of a panel of listed companies deemed comparable with respect to the CGU's business on the basis of weekly observations over a 2-year horizon;
- Additional risk premium: in line with the impairment test carried out in 2023, it was deemed appropriate to include execution risk by confirming 2.5% as an additional premium;
- Reference rate for the calculation of the cost of debt: assumed to be equal to the average, on a six-monthly basis, of the interbank Euribor rate with a ten-year maturity;
- Estimated spread: calculated on the basis of the average value of the market credit spreads of the panel of comparable companies used for the estimation of the Beta;
- Financial structure: calculated on the basis of the average value of the financial structures of the panel of comparable companies used for the estimation of the Beta.

The resulting discount rate (WACC) is 11.20% and reflects market valuation estimates, the cost of money and the specific risk of the CGU, as well as the sector.

In calculating the Terminal Value, the average revenues of the last three years of the Plan were taken as a reference, to which the assumed long-term growth rate (g-rate) of 2.0% was applied.

The estimated recoverable amount with the process described is equal to 42,266 thousand euros and has been compared with the related carrying amount as of 31.12.2024, equal to 36,455 thousand euros.

Considering the assumptions described, at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of the Smart Gas Metering CGU is higher than the net carrying amounts and therefore there are no indications that goodwill or other intangible assets may have suffered impairment losses.

The results obtained were subjected to sensitivity tests in order to find that the result of this evaluation process could change according to key assumptions such as the discount rate for the discounting of cash flow and the g rate. The following table summarizes this sensitivity.

		WACC	WACC	WACC
		11.4%	11.2%	10.9%
g rate	2.3%	5,277	6,541	7,880
g rate	2.0%	4,596	5,811	7,095
g rate	1.8%	3,951	5,120	6,353

It should be noted that the break-even WACC, that is the discount rate for which the *Headroom* is reduced to zero, is equal to 12.5%.

In addition, the percentage reduction in expected cash flows for each year of the plan, and in terminal value, which, taking into account the other parameters used to conduct the test, would bring the *Headroom* to zero is equal to 13.7%.

CGU Water Metering

The WACC of the CGU Water Metering was estimated by assuming:

- Risk free rate: calculated on the basis of the average value of the 6 months prior to 31.12.2024 of the 10-year government bonds of the main countries where the CGU operates;
- Premium for market equity risk: assumed to be 5.50% on the basis of the latest surveys by the independent consulting firm Kroll and the latest studies by broker reports;
- Unlevered beta: calculated as the average value of a panel of listed companies deemed comparable with respect to the CGU's business on the basis of weekly observations over a 2-year horizon;
- Additional risk premium: in line with the impairment test carried out in 2023, it was deemed appropriate to include execution risk by confirming 1.5% as the additional premium;
- Reference rate for the calculation of the cost of debt: assumed to be equal to the average, on a six-monthly basis, of the interbank Euribor rate with a ten-year maturity;
- Estimated spread: calculated on the basis of the average value of the market credit spreads of the panel of comparable companies used for the estimation of the Beta;
- Financial structure: calculated on the basis of the average value of the financial structures of the panel of comparable companies used for the estimation of the Beta.

The resulting discount rate (WACC) is 10.0% and reflects market valuation estimates, the cost of money and the specific risk of the CGU, as well as the sector, at the reference date.

In calculating the Terminal Value, the average revenues of the last three years of the Plan were taken as a reference, to which the assumed long-term growth rate (g-rate) of 2.0% was applied.

The estimated recoverable amount with the process described is equal to 51,317 thousand euros and has been compared with the related carrying amount of net invested capital as of 31.12.2024, equal to 29,833 thousand euros.

Considering the assumptions described, at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of the Water Metering CGU is higher than the net carrying amounts and therefore there are no indications that goodwill or other intangible assets may have suffered impairment losses.

The results obtained were subjected to sensitivity tests in order to find that the result of this evaluation process could change according to key assumptions such as the discount rate for the discounting of cash flow and the g rate. The following table summarises this sensitivity.

		WACC	WACC	WACC
		10.2%	10.0%	9.7%
g rate	2.3%	20,964	22,605	24,357
g rate	2.0%	19,923	21,483	23,146
g rate	1.8%	18,943	20,429	22,010

It should be noted that the break-even WACC, that is the discount rate for which the *Headroom* is reduced to zero, is equal to 15.8%.

In addition, the percentage reduction in expected cash flows for each year of the plan, and in terminal value, which, taking into account the other parameters used to conduct the test, would bring the *Headroom* to zero is equal to 41.9%.

Finally, the Directors, while considering the capitalization value that emerges from the stock market quotations of SIT S.p.A. to be unrepresentative, which is lower than the Group's net book equity, deemed it appropriate to carry out the so-called "second level" impairment test of the net invested capital of the entire Group, based on the so-called "*sum of the parts*" method" taking into account that the Group's net invested capital, net of some items that were tested separately, is substantially equal to the sum of the net invested capital of the CGUs subject to the "first level" impairment test. The test showed no loss in value.

Note n. 2: Property, plant and equipment

Changes in property, plant and equipment for the year 2024 are summarised in the table below:

(Euro,000)

	Historical cost at Dec, 31, 23	Accum, Deprec, at Dec, 31, 23	Balance at Dec, 31, 23	Of which "Right-of- use" IFRS 16	Historical cost at Dec, 31, 24	Accum, Deprec, at Dec, 31, 24	Balance at Dec, 31, 24	Of which "Right- of-use" IFRS 16
Land & buildings	56,044	(29,829)	26,215	8,127	81,528	(31,853)	49,675	7,334
Property, plant and equipment	160,206	(131,705)	28,500	-	162,958	(138,396)	24,562	-
Industrial & commercial equipment	110,611	(99,823)	10,788	1,323	115,555	(104,512)	11,044	1,071
Other assets	15,373	(10,507)	4,866	3,398	16,693	(11,684)	5,009	2,529
Assets in progress and advances	34,906	-	34,906	-	4,946	-	4,946	-
Total property, plant and equipment	377,141	(271,864)	105,276	12,848	381,681	(286,445)	95,235	10,934

The following tables outline the changes in the historic cost and accumulated depreciation in 2024 by category.

HISTORICAL COST

(Euro,000)

	Historical cost at Dec, 31, 23	Of which "Right- of-use" IFRS 16	Acquisi- tions	Increases	Disposals	Other movem- ents	Translat- ion differen- ces	Historic al cost at Dec, 31, 24	Of which "Right- of-use" IFRS 16
Land & buildings	56,044	13,264	-	3,035	(1,001)	24,047	(598)	81,528	13,339
Property, plant and equipment	160,206	-	-	3,087	(521)	1,842	(1,656)	162,958	-
Industrial & commercial equipment	110,611	2,691	6	3,533	(1,913)	3,587	(269)	115,555	2,537
Other assets	15,373	7,172	-	1,149	(447)	751	(133)	16,693	7,169
Tangible Assets in progress and advances	34,906	-	-	397	-	(30,277)	(81)	4,946	-
Total Property, plant and equipment	377,141	23,126	6	11,202	(3,882)	(50)	(2,736)	381,681	23,046

As regards the Acquisitions column, the amounts refer to the assets that were already owned by the company MBT S.r.l. acquired as part of the transfer of the business dedicated to ventilation and components for kitchen hoods and pellet stoves on 1 April 2024.

Increases for the year mainly refer to plants, machinery and moulds necessary for the development and manufacturing of new products, in particular those relating to the implementation of the production line of the G40 project as well as the renewal of other existing ones and the improvement of efficiency and production technologies. The increases also include commitments for IFRS 16 relating to contracts that expired during the year and were renewed during the year. For further details, please refer to Note 36. The decreases in the year are due to disposals and sales of property, plant and equipment, largely already depreciated.

The column *Other movements* includes investments relating to the Headquarters renovation project which ended in June 2024 and which were therefore reclassified in the respective items. The remaining part refers to investments that were in progress and which in 2024 became fixed assets to be depreciated.

ACCUMULATED DEPRECIATION

(Euro,000)

	Provision at Dec, 31, 23	Of which “Right- of-use” IFRS 16	Acquisi- tions	Deprec, Disposals	Write- downs	Translat ion differen- ces	Balance at Dec 31, 24	Of which “Right- of-use” IFRS 16	
Acc, Depr, Land & buildings	(29,829)	(5,137)	-	(3,187)	751	-	412	(31,853)	(6,005)
Acc, Depr, Property, plant and equipment	(131,705)	-	-	(8,524)	508	-	1,326	(138,396)	-
Acc, Depr, Industrial & commercial equipment	(99,823)	(1,367)	(1)	(6,439)	1,576	(89)	263	(104,512)	(1,467)
Acc, Depr, Other assets	(10,507)	(3,773)	-	(1,747)	443	-	127	(11,684)	(4,640)
Tangible Assets in progress and advances	-	-	-	-	-	-	-	-	-
Total accumulated depreciation Property, plant and equipment	(271,864)	(10,278)	(1)	(19,897)	3,278	(89)	2,129	(286,445)	(12,112)

Property, plant and equipment were depreciated at December 31, 2024 at the following rates:

	Rate
Land & buildings	39.07%
Plant & machinery	84.93%
Industrial and commercial equipment	90.44%
Other assets	69.99%
Leasing	52.56%

WRITE-DOWNS

The item as of December 31, 2024 amounted to Euro 89 thousand and relates to the reclassification of the capital loss recorded by the Parent Company Sit S.p.a. on the sale of equipment that had been unused for years at the logistics hub and is now shipped to the Tunisian plant that it will use as spare parts for production lines.

Note n. 3: Investments

The following table reports the movements in 2024 in the investments account.

(Euro,000)					
Investments	Balance at 31/12/2023	Increases in the period	Decreases in the period	Other changes	Balance at 31/12/2024
Company					
Immobiliare Golf Montecchia	28	-	-	-	28
Fondazione ABO in liquidation	6	-	-	-	6
Italmed LLC.	378	-	-	-	378
Cyrus Intersoft Inc.	366	-	-	-	366
Infracom S.p.A.	521	-	-	-	521
Immobiliare Polesana (ex IMER)	1	-	-	-	1
Upsens srl	300	-	-	-	300
Hybitat srl	2	-	-	-	2
Aquametric Solutions SA	25	450	-	(170)	305
Conthidra S. L.	280	-	-	145	425
Other minor	1	-	-	-	1
Doubtful debt provision Fondazione ABO in liq. write-down prov.	(6)	-	-	-	(6)
Italmed LLC. . write-down prov.	(378)	-	-	-	(378)
Cyrus Intersoft Inc. write-down prov.	(366)	-	-	-	(366)
Infracom S.p.A. write-down prov.	(502)	-	-	-	(502)
Total equity investments	656	450	0	(25)	1081

In November 2024 the subsidiary Metersit S.r.l. subscribed and paid a share capital increase of the company Aquametric Solutions SA, amounting to Euro 450 thousand. At 31 December the investment was adjusted according to the equity method by Euro 170 thousand.

With regard to the company Conthidra S.L., the change in the period of Euro 145 thousand refers to its adjustment according to the equity method.

The value of the associated company Hybitat remained substantially unchanged as the adjustment to the value of the equity is not significant.

Note n. 4: Current and non-current financial assets

The breakdown of financial assets at December 31, 2024 is as follows:

(Euro,000)	31-dic-24	31-dic-23
Guarantee deposits	330	335
Restricted deposit account - long term	-	1,000
Long-term Financial receivables from Aquametric Solutions, S,A,	1,500	-
Long-term participatory financial instruments	730	150
Long-term derivative financial instruments	13	1,049
Non-current financial assets	2,573	2,533
Short-term deposits	3,850	4,250
Restricted deposit account - short term	1,496	498
Short-term financial receivables from Aquametric Solutions, S,A,	59	-
Financial receivables from third parties	6	-
Short-term derivative financial instruments	95	1,883

Other current financial assets	5,505	6,630

The main accounts are commented upon below.

RESTRICTED DEPOSIT ACCOUNT (SHORT AND MEDIUM TERM)

In 2020, the Parent Company SIT S.p.A., paid Euro 3,000 thousand on behalf of the subsidiary Sit Metering S.r.l. as a guarantee, as part of the acquisition of the company JANZ Contagem e Gestão de Flúidos SA..

At 31 December 2024, the residual amount of Euro 1,000 thousand was reclassified among current financial assets, as required by the contractual agreements.

FINANCIAL RECEIVABLES FROM AQUAMETRIC SOLUTIONS, S.A, (SHORT AND MEDIUM TERM)

During the first half of 2024, the subsidiary Metersit S.r.l. paid Euro 1,500 thousand to Aquametric Solutions, S.A., a company subject to the Joint Venture with GWF, aimed at the development of the new ultrasonic water meter called SmartIO. The contract provides for an annual repayment plan, expiring on 30 June, based on the amortization plan of the financed assets and the company's cash and cash equivalents; accrues interest at a market rate (3-month Euribor) plus an annual spread (1.9%). As of December 31, 2024, financial receivables amounting to 1,500 thousand euros are recorded under non-current financial assets while accrued interest amounts to 59 thousand euros and is recorded under other current financial assets.

PARTICIPATORY FINANCIAL INSTRUMENTS

Following the establishment of the company Hybitat S.r.l., which took place on 7 July 2023, the shareholders Sit S.p.A. and eNovia S.p.A have undertaken to ensure that in the first 36 months from the date of incorporation, the Board of Directors offers for subscription to shareholders (in equal measure with each other) up to 80,000 participatory financial instruments (SFPs) at a price of 100 euros each. These financial instruments give shareholders an option right to subscribe to a capital increase with the aim of implementing the business plan and achieving the related milestones.

As of December 31, 2024, SIT subscribed 7,300 SFP for a total value of Euro 730 thousand, of which 1,500 SFP in 2023 and 5,800 SFP in 2024.

SHORT-TERM DEPOSITS

The amount relates entirely to the payment of a security deposit to a supplier to guarantee supplies of electronic components having particularly long lead times and whose delivery has been particularly unpredictable over the past 12 months. This deposit constitutes the commitment of Sit S.p.A. (for Euro 2,700 thousand) and Metersit S.r.l. (for Euro 1,150 thousand) to maintain orders to support the supplier's business in the current context of electronic component shortage.

During the year 2024, the parent company's exposure decreased by Euro 400 thousand.

Note n. 5: Deferred tax assets

Details of the temporary differences and the consequent deferred tax assets as at December 31, 2024 and December 31, 2023 are provided below, based on the breakdown by nature of the temporary differences:

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Employee provisions	1,093	310	310	12
Other risk and charges provisions	1,155	5,377	337	210
Costs deductible in future years	2,109	-	633	-
Write-down of inventories	1,368	1,871	406	73
Deprec. suspended on revaluations	-	171	-	7
Tax losses	23,926	-	6,040	-
Non-deductible interest	1,879	-	451	-
Write-down of tangible fixed asset	-	1,002	-	39
Other & overseas	2,204	-	628	-
Inter-company transactions	9,240	5,207	2,218	203
Cash flow hedge Reserve	825	-	198	-
Operative Leasing IFRS16	3,751	-	900	-
Total	47,550	13,938	12,121	544

Balance as of December 31, 2023

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Employee provisions	7,479	4,525	1,811	176
Other risk and charges provisions	3,121	1,944	820	76
Costs deductible in future years	2,268	-	680	-
Write-down of inventories	4,046	2,788	1,046	109
Deprec. suspended on revaluations	171	171	41	7
Tax losses	43,165	-	11,018	-
Non-deductible interest	1,228	-	295	-
Write-down of tangible fixed asset	1,002	1,002	241	39
Other & overseas	2,055	49	571	2
Inter-company transactions	6,740	6,740	1,618	263
Unrealised foreign exchange losses	259	-	62	-
Total	71,533	17,220	18,202	672

It should be noted that deferred tax assets, compared to the comparative period, were mainly affected by the partial write-down of deferred tax assets of the Parent Company and some Italian subsidiaries that are part of the national tax filing system.

Following the update of the economic and financial projections, which do not show sufficient taxable income over the time horizon of the plan (2025-2029), the Directors decided to partially write down the deferred tax assets relating to deductible temporary items, tax losses and the ACE benefit, for a total amount of Euro 4,697 thousand.

Current assets

Note n. 6: Inventories

Inventories, presented in the financial statements net of the obsolescence provision, are comprised as follows:

(Euro,000)	December 31, 2024	December 31, 2023
Raw materials, ancillary and consumables	44,935	49,700
Work-in-progress and semi-finished goods	14,369	18,235
Finished products and goods	12,894	15,362
Advances to suppliers	65	17
Inventories	72,263	83,315

The movements in the inventory obsolescence provision were as follows:

(Euro,000)	December 31, 2024
Obsolescence provision 31/12/2023	5,274
Utilisation in the period	(2,058)
Provision for the period	1,086
Exch, diff,	(165)
Obsolescence provision 31/12/2024	4,138

The provision reflects the reduced value of inventories due to obsolescence, slow movements or as a result of market values below acquisition or production cost.

Note n. 7: Trade receivables

Trade receivables and the relative doubtful debt provisions are summarised below.

(Euro,000)	December 31, 2024	December 31, 2023
Trade receivables	59,416	63,126
Trade receivables from holding company	33	20
Receivables from companies of the Group	1,493	1,053
Trade receivables from companies subject to control of holding company	-	-
Current trade receivables	60,941	64,200
Doubtful debt provision	(634)	(741)
Trade receivables	60,307	63,459

TRADE RECEIVABLES

These refer to the direct commercial relationships that the Group has with customers, net of non-recourse receivables assignment transactions of Euro 3,901 thousand, carried out by the Group and referring to transactions carried out by the Parent Company with its customers.

The amount is stated net of the doubtful debt provision which expresses reasonably expected losses both on the basis of prior non-collection and amounts overdue.

RECEIVABLES FROM OTHER COMPANIES OF THE GROUP

This item refers to receivables from Conthidra S.L., and Aquametric Solutions, S.A., companies consolidated with equity method.

DOUBTFUL DEBT PROVISION

The doubtful debt provision amounts to Euro 634 thousand, with the movements in 2024 reported in the following table:

(Euro,000)	December 31, 2024
Doubtful debt provision 31/12/2023	(741)
Utilisation in the period	115
Provision for the period	(12)
Exch. diff.	4
Doubtful debt provision 31/12/2024	(634)

The Group did not receive guarantees on receivables, the table below presents the exposure to the credit risk on trade receivables:

(Euro,000)					
Trade receivables	Current	<30 days	30-60 days	> 61 days	Total
December 31, 2024					
Trade receivables	51,396	4,104	1,070	2,845	59,416
December 31, 2023					
Trade receivables	54,325	4,942	2,028	1,832	63,126

Nota n. 8: Other current assets

The detail of this heading is as follows:

(Euro,000)	31-dic-24	31-dic-23
Tax receivables	5,959	8,945
Advances	796	1,022
Prepayments and accrued income	1,184	1,324
Other receivables	1,358	1,296
Other tax credits	1,096	1,519
Employee receivables	2	1
Social security institution receivables	120	156
Other current assets	10,517	14,264

TAX RECEIVABLES

The amount is detailed as follows:

(Euro,000)	31-dic-24	31-dic-23
VAT receivables	3,076	3,936
Group VAT receivables	2,623	2,193
Withholding taxes	260	2,817
Total tax receivables	5,959	8,945

VAT RECEIVABLES

The VAT balance includes 1,894 thousand euros relating to the subsidiary SIT Manufacturing N.A.S.A. de C.V and 382 thousand euros relating to the subsidiary JANZ; during the year 2024 it decreased by 3,255 thousand euros, of which 1,589 thousand euros accrued in 2023, and 1,666 thousand euros accrued in 2024.

GROUP VAT RECEIVABLES

SIT Technologies S.p.A. (now referred to as Findest S.p.A.), as parent company, SIT S.p.A., SIT Immobiliare S.p.A. (merged into Findest S.p.A. in 2024) and Metersit S.r.l., as subsidiaries, have adhered to the Group VAT settlement procedure, provided for by art. 73 last paragraph of Presidential Decree 633/1972 as resolved by the respective administrative bodies in 2019. Since the 2022 fiscal year, the company SIT Metering srl has also joined the Group VAT procedure, while the parent company Technologies SAPA of F.D.S. S.S. has joined since the 2023 financial year. The amount of 2,623 thousand euros refers to the net receivable that the companies Sit S.p.A. and Metersit S.r.l. have towards Findest S.p.A., respectively equal to 300 thousand euros and 2,323 thousand euros.

WITHHOLDING TAXES

Receivables for withholding taxes, amounting to 260 thousand euros, refer for 250 thousand euros to withholding taxes on dividends paid in 2022 by SIT Controls Deutschland GmbH to its direct parent company SIT Controls BV. The change compared to the previous year includes a write-down of Euro 3,958 thousand for withholding taxes incurred abroad on royalties invoiced by the Parent Company to certain production subsidiaries for the use by them of technical production know-how, non-patented technology and the SIT brand, all owned by the Parent Company. This write-down was carried out following the update of the economic and financial projections, which do not show sufficient taxable income over the time horizon of the plan (2025-2029) to recover these receivables before their maturity.

PREPAYMENTS AND ACCRUED INCOME

As at 31 December 2024, accrued income and deferred income mainly refer to deferred income on rents, rents and insurance premiums as well as on fixed asset maintenance and repair fees.

OTHER TAX CREDITS

The item mainly refers to the tax credit accrued for research, development and technological innovation activities (2020 Budget Law no. 160/2019 and art. 1, c. 45, Law no. 234/2021) accrued by Sit S.p.A. (for Euro 546 thousand) and Metersit S.r.l. (Euro 319 thousand); the acquisition of a so-called Superbonus 110% tax credit, amounting to 31 thousand, entirely referred to the Parent Company and euro 63 thousand refer to the company Sit MBT S.r.l. as a so-called *Industry 4.0 contribution*.

Note n. 9: Tax receivables

The account concerns income tax receivables, as follows:

(Euro,000)	December 31, 2024	December 31, 2023
IRES receivables	1,714	1,537
IRAP receivables	83	678
Receivable from holding company for tax consolidation	532	592
Current tax receivables	44	946
Tax receivables	2,373	3,752

The amount of Euro 1,714 thousand refers to the IRES transferred to the parent company Findest S.p.A. by the subsidiaries SIT S.p.A. and Metersit s.r.l. as part of the national consolidation process, as provided for in Article 43-ter of Presidential Decree 602/1973.

Note n. 10: Cash and cash equivalents

Cash and cash equivalents are presented below:

(Euro,000)	December 31, 2024	December 31, 2023
Cash in hand and similar	23	21
Bank and postal deposits	14,015	8,680
Cash and cash equivalents	14,038	8,700

Cash and cash equivalents relate to current accounts and cash in hand at the reporting date. The changes are reported in the Consolidated Cash Flow Statement, to which reference should be made.

Consolidated Shareholders' Equity

The changes are reported in the statement of changes in consolidated shareholders' equity, to which reference should be made. The following comments relate to the principal accounts and changes.

Note n. 11: Share capital

The share capital, subscribed and paid-in, amounted at December 31, 2024 to Euro 96,162 thousand, comprising 25,110,209 shares without express nominal value. The classes of shares issued by the company are reported below:

Shares	No. shares	% of share capital	Listing
Ordinary Shares	25,110,209	100.0%	Euronext

Note n. 12: Reserves

The composition of Reserves is as follows:

(Euro,000)	December 31, 2024	December 31, 2023
Share premium reserve	10,045	10,360
Capital payments reserve	16,615	16,615
Total capital reserves	26,660	26,975
Legal reserve	19,232	19,232
Treasury shares reserve	(5,328)	(6,733)
Cash flow hedge reserve	424	2,217
Actuarial reserve	(271)	(225)
Extraordinary reserve	1,496	24,726
Translation reserve	(6,214)	(2,315)
LTI reserve	658	2,073
Reserve to be valued at fair value of the put option on minority interests	(5,040)	-
Retained earnings/(accumulated losses)	4,399	4,401
Total profit reserves	9,356	43,376
Total reserves	36,016	70,351

SHARE PREMIUM RESERVE

The share premium reserve, amounting to Euro 10,045 thousand, decreased during the period by Euro 315 thousand due to the assignment of shares to employees, following the closure of the first cycle of L.T.I. completed in June 2024

CAPITAL PAYMENT RESERVE

The shareholders' capital payment reserve, amounting to Euro 16,615 thousand, did not change during the year.

LEGAL RESERVE

The legal reserve of Euro 19,232 thousand did not change during the year.

TREASURY SHARES RESERVE

The reserve for treasury shares, negative by Euro 5,328 thousand, changed during the period by Euro 1,405 thousand against the assignment of shares to employees following the closure of the first cycle of L.T.I. completed in June 2024.

LONG TERM INCENTIVE PLAN RESERVE

At December 31, 2024, the long-term incentive plan (L.T.I.) reserve included the value of the share-based payments in favour of employees and key executives, settled with capital securities.

On April 29, 2021, the Shareholders' Meeting approved 3 new incentive plans (Performance Shares Plan, Restricted Shares Plan, Advisory Board Stock Compensation Plan), one of which provides for three allocation cycles in 2021, 2022 and 2023.

In the first half 2024, the first cycle ended with the conversion of units into shares, therefore the reserve moved as follows:

- A decrease of 263 thousand euros against the partial achievement of the objectives set in the plan for the first allocation cycle;
- A decrease of 1,193 thousand euros due to the conversion of units into shares, with the consequent allocation of the same to key employees and managers;
- A decrease of 289 thousand euros due to the failure of the Advisory Board to achieve its targets;
- A decrease of 110 thousand euros against the cost previously accrued for employees and key executives to whom the shares were not assigned, due to the failure to meet the requirements (so-called *Bad Leaver*)
- An increase of Euro 485 thousand against the allocation of the cost for the period, mainly referring to the second and third cycles;

See Note 38 for further details on this plan.

CASH FLOW HEDGE RESERVE

The cash flow hedge reserve at December 31, 2023 was recorded as a positive value of Euro 2,917 thousand, net of the Euro 700 thousand tax effect.

During 2024, the reserve changed mainly as a result of the hedging contracts against the so-called SFA (*Senior Financial Agreement 2021*) loan contract renegotiated on the basis of the agreements made with the banking class on 22 and 23 April, on the basis of which the hedging contracts existing as at 31 December 2023 were closed and new contracts with 50% coverage were stipulated. The Reserve as of December 31, 2024 is recorded for a positive amount of Euro 424 thousand, net of the tax effect of Euro 134 thousand. The change that occurred during 2024 mainly refers to the renegotiation of hedging derivatives against the Pool SFA loan.

ACTUARIAL RESERVE

At December 31, 2024, the actuarial reserve was negative for Euro 271 thousand and derives from the effects of discounting post-employment benefits.

EXTRAORDINARY RESERVE

The extraordinary reserve as of December 31, 2023 amounted to Euro 24,726 thousand; during the period, the change, amounting to Euro 23,230 thousand, is mainly due to the allocation of the loss of the previous year, amounting to Euro 23,388 thousand.

RESERVE FOR THE FAIR VALUE OF THE MINORITY PUT OPTION

The item, amounting to Euro 5,040 thousand, refers to the valuation of the option to sell the minority quota relating to SIT Motors & Blowers Technology S.r.l.. For more details, please refer to Note n. 17.

RETAINED EARNINGS (ACCUMULATED LOSSES)

At December 31, 2024, the account is positive for Euro 4,399 thousand and changes for the negative amount of Euro 2 thousand.

Non current liabilities

Note n. 13: Medium/long-term loans and borrowings

The breakdown of the account at December 31, 2024 is illustrated below:

(Euro,000)	31-Dec-24	31-Dec- 23
Non-current loans	75,950	58,326
Non-current loans - amortized cost	660	(144)
Medium/long-term loans and borrowings	76,610	58,182

As of December 31, 2024, Medium/long-term loans and borrowings represent the value of the non-current portion of the loan agreements entered into by the Company with certain financial institutions. The figures shown reflect the effects of the amended agreements that the Company signed with the main lenders on 22-23 April 2024.

These agreements provide for the extension of the original maturities by 24 months and the remodulation of the repayment profile in increasing installments, with maintenance of the original annual and interim maturities. They also provide for the redefinition of the applicable financial covenants in order to make them consistent with the financial renegotiation and the economic and financial profile of the Company's business and financial plan approved on 29 February 2024.

The loan relationships – which are not secured by any collateral or guarantees – have also been amended in relation to a series of commitments and limitations already in place originally. Further limits have also been introduced on the distribution of variable dividends depending on the level of consolidated financial leverage and finally the pricing levels have been adjusted in relation to the trend of the consolidated financial leverage.

Below is a list of existing bank loans, where unless expressly indicated, the debtor is SIT S.p.A.

Denomination Initial date	Maturity	Nominal amount	Cov	Residual debt			Current rate (*)	Fair value		
				Total	Non Current	Current		Total	Non Current	Current
Pool SFA (1) 06/08/21	30/6/28	90,000	(**)	63,450	59,400	4,050	5.33%	66,544	59,801	4,263
CDP 11/03/21	31/12/28	15,000	(**)	12,338	11,550	788	4.58%	13,086	11,751	889
UCI / BEI 31/05/22	31/5/28	10,000	(**)	6,000	5,000	1,000	5.26%	6,114	5,058	1,056
MPS 27/09/23	1/10/25	5,000	no	3,064		3,064	3.80%	3,064	0	3,064
BPER 03/02/23	3/2/25	5,000	no	645		645	4.29%	645	0	645
Total				85,496	75,950	9,546		89,452	76,610	9,917

(amounts in (Euro,000))

(1) Banking Pool includes BNL, Unicredit, DB, Banco BPM, Credit Agricole

(*) Interest rate given by market parameter plus contractual spread existing on the date

(**) Financial covenants to be calculated at the level of the consolidated financial statements on a half-yearly basis: (i) the ratio of net financial position to EBITDA (ii) the ratio of EBITDA to net financial expenses (iii) the ratio of net debt to equity, all ratios to be calculated on the basis of the last 12 months and according to the definitions provided for in the relevant contracts. There are also other contractual commitments and limitations on operations, such as the maximum level of annual investments and constraints on the possibility of distributing dividends in relation to the ratio between net financial position and EBITDA. As of December 31, 2024, the financial covenants of 5.5x, 3.0x and 1.5x respectively and the Capex Covenant of Euro 24 million were respected.

Please note that the SFA Pool loan starting from 2025 includes an ESG interest rate indexation clause based on a sustainability rating issued by the international corporate social responsibility rating agency EcoVadis.

The following table summarises the maturity profile of the principal portions of the main financial liabilities based on contractual commitments (for a description of the Bonds, please refer to the paragraph "Bonds – non-current portion"):

Years	Bank Loans	Bonds	Others (*)	Total
2025	9,546		1,840	11,386
2026	18,929			18,929
2027	23,323	8,000	9	31,332
2028	33,698	8,000	9	41,707
2029		8,000		8,000
2030		8,000		8,000
2031		8,000		8,000
Total	85,496	40,000	1,858	127,354

(amounts in (Euro,000))

(*) The item Others includes financial liabilities deriving from M&A for the amount of Euro 1,807 thousand and to Simest for the amount of Euro 50.7 thousand

Note 14: Other non-current financial liabilities and derivative financial instruments

A breakdown of this item at December 31, 2024 is provided below:

(Euro,000)	31-Dec-24	31-Dec-23
Other non-current financial liabilities	18	1,297
Bond loan – non-current portion	40,000	40,000
Non current loans – Amortized cost	(21)	(395)
Non current loans from Parent company – Amortized cost	5,173	-
Derivatvies financial instruments (non-current portion)	611	-
Non-current financial lease debt - IFRS 16	8,780	10,532
Other non-current financial liabilities and derivative financial instruments	54,560	51,434

OTHER NON CURRENT FINANCIAL LIABILITIES

The amount as of December 31, 2023 includes Euro 1,275 thousand referring to the debt for the acquisition of the investment in JANZ – Contagem e Gestão de Flúidos, SA, completed on December 29, 2020. As of December 31, 2024, the debt has been reclassified to short-term. For more information, please refer to Note n. 20.

The item also includes Euro 18 thousand, relating to the subsidiary Metersit S.r.l, for loans granted by Sace-Simest, pursuant to Law Decree 17 March 2020 converted into Law 24 April 2020 no. 27, to be used for participation in fairs and exhibitions in foreign countries and for staff training. No guarantees are provided for these loans.

BOND LOAN – NON CURRENT PORTION

The item refers to the bond loan subscribed by Pricoa in May 2021. The debt was valued using the amortised cost method over the duration of the contract, equal to 10 years with which 6 years of pre-amortization. The fixed semi-annual coupon is indexed from the fifth year onwards to a sustainability ("ESG") rating provided by the international agency EcoVadis.

The financial covenants provided for in the contract, failure to comply with would result in the loss of the term benefit, are: (i) the ratio of net financial position to EBITDA and (ii) the ratio of EBITDA to net financial expenses, (iii) compliance with a certain ratio of debt to equity and (iv) a certain level of cash and cash equivalents and available credit lines. There are also other contractual commitments and limitations on operations, such as the maximum level of annual investments and limitations on the possibility of distributing dividends in relation to the ratio between net financial position and EBITDA.

The transaction in question was also the subject of amending agreements approved on 22 April by the bondholders' meeting. These agreements reflect the discussions and agreements signed with the banking sector described in Note 13 and, in particular, the revision of the financial parameters in line with the Group's updated short- and medium-term income and financial prospects. The limit values of these covenants for the recognition date as of December 31, 2024 are 5.5x, 3.0x and 1.5x respectively, values that have been met. The Liquidity Covenant (equal to Euro 5 million of cash and cash equivalents and Euro 7 million of available credit lines) was respected, as was the Capex Covenant of Euro 24 million.

NON-CURRENT FINANCIAL LEASE DEBT - IFRS 16

The amount concerns the non-current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16.

Note n. 15: Provisions for risks found

The changes to the account were as follows:

Risk found	Dec. 31, 2023	Provisions	Utilisations	Release	Dec. 31, 2024
Agents indemnity provision	154	-	-	-	154
Other risks provision	8,948	2,258	(2,796)	-	8,024
Product warranty provision	1,410	95	(232)	-	1,159
Total provisions for risks and charges	10,513	2,352	(3,027)	-	9,337

Agents indemnity provision

The account exclusively includes the potential liability for any indemnities due to agents in the event of end of service or for the termination of the contract not attributable to the agent, as established by Article 1751 of Civil Code and the Collective Economic Agreements.

OTHER RISKS PROVISION

Below is a breakdown of the main items that make up the fund:

- Euro 665 thousand related to the Parent Company, for risks associated with ongoing disputes with customers and suppliers, where the risk of loss is considered probable. The decrease during the year, amounting to Euro 6 thousand, relates to specific complaints recognized to customers;
- Euro 988 thousand, referring to the subsidiary Metersit S.r.l. against probable risks for which it is not possible to define the amount with certainty, mainly referring to the quality of the products in the face of requests for reimbursement from customers. During the year, the provision was released for 125 thousand euros and used for 295 thousand euros due to non-compliance in supplies from previous years;
- Euro 1,144 thousand, referring to the Parent Company, relating to the costs for environmental remediation activities of a portion of land owned by the Company, redefined annually on the basis of new research and the results of the analyses carried out, as established by the Services Conference. The utilization of Euro 119 thousand during the year relates to the costs incurred for remediation activities, while Euro 122 thousand were also set aside during the year and increased to Euro 8.4 thousand as a result of the discounting of the provisions of the previous year;
- Euro 439 thousand, referring to the Parent Company, as the best estimate of the severance pay to be paid to employees involved in the ongoing company reorganization in progress;
- Euro 2,716 thousand refers to the subsidiary Metersit S.r.l. and represents the best estimate of the disposal costs in the years to come of the batteries inserted in the meters sold up to the balance sheet date. The provision for the year amounts to Euro 259 thousand. In the same period, the fund decreased due to the use of Euro 22 thousand;
- Euro 391 thousand for the reorganization of the Dutch company Sit Controls B.V., which began in 2023 and will be completed in 2025. During the year, the provision was used for the amount of Euro 2,177 thousand to cover the costs incurred during the year for the exit of employees belonging to the production area, as well as the training and *outplacement* costs agreed locally with the trade unions. The provision was released for 47 thousand euros and a further provision of 360 thousand euros was made against the expected exit of additional employees relating to staff functions;
- Euro 934 thousand referring to an out-of-court settlement signed in early 2023 with a customer against the alleged defectiveness of a certain number of valves supplied by the Mexican subsidiary and installed on products sold on the American market. The original amount, equal to 7,462 thousand euros, was used during the first months of 2023 for a total of 6,405 thousand euros against the payment of the agreed compensation, as well as the payment of ancillary legal costs. The open amount refers to the portion of the provision recorded as a guarantee for any new disputes that may be made by end customers by January 2025, as provided for in the agreements signed with the counterparty.

PRODUCT WARRANTY PROVISION

The product warranty provision reflects a reasonable estimate of the charges which the Group may incur to comply with contractual guarantees on products sold until the reporting date. The provision mainly includes:

- Euro 177 thousand represents the estimated future charges relating to the subsidiary Janz on meters sold up to the date of the financial statements. During the 2024 financial year, the fund was released for Euro 73 thousand;
- Euro 828 thousand relating to the best estimate of replacement costs of meters sold by the subsidiary Metersit S.r.l. up to the date of the financial statements, covered by warranty. The provision for the year amounted to Euro 85 thousand; in the same period, Euro 222 thousand was used against a claim exercised by a customer;
- Euro 140 thousand relating to products sold by the Parent Company, calculated on the basis of the assessment and analysis of returns. The value of the provision is in line with the previous year;
- Euro 272 thousand e 147 thousand, respectively for the subsidiaries Plast Alfin S.u.a.r.l. and Sit Controls Tunisia S.u.a.r.l., against tax risks related to withholding taxes on services, employees and seconded personnel.

Note n. 16: Post-employment benefit provision

The movements in the account in the periods to December 31, 2024 and to December 31, 2023 were as follows:

(Euro,000)	December 31, 2024	December 31, 2023
Net liabilities for employee benefits	4,066	4,628
Liabilities for retention or other	438	468
Net liabilities for employee defined benefits	4,504	5,096

The movements in post-employment benefits were as follows:

(Euro,000)	December 31, 2024	December 31, 2023
Post-em. ben. at beginning of year	4,628	4,649
Payments in the year	(838)	(291)
Current service cost	92	97
Interest cost	130	158
Actuarial gains	55	14
Post-em. Ben. at end of year	4,066	4,628

The economic/demographic assumptions utilised for the measurement for IAS/IFRS of post-employment benefits were as follows:

Defined benefit plans	Dec 31, 24	Dec 31, 23
Annual discount rate	3.18%	3.08%
Annual inflation rate	2.00%	2.00%
Annual increase in post-employment benefit	3.00%	3.00%
Annual increase in salaries	1	1
Death	ISTAT 2022	The RG48 mortality tables published by the General State Controller
Disability	INPS tables by age and gender	
Retirement	100% on satisfying AGO requirements	

The annual frequency of advance payments and company turnover were taken from the historical experience of the company and from the frequencies of the experience of the actuarial consultant on a significant number of similar businesses.

Note n. 17: Other non-current liabilities

The item, amounting to Euro 3,825 thousand, refers for Euro 3,600 thousand to the liability deriving from the combined purchase and sale options (Put & Call) on the minority quotas relating to the non-employee quotaholder. Please refer to the note "*Consolidation scope and method and conversion of financial statements expressed in currencies other than the Group functional currency (Euro)*" for further details on this option and the valuation criterion adopted.

The remaining portion, equal to Euro 225 thousand, relates to the two minority quotaholders, who provide services to the company itself. The recognition was carried out as "Cash-settled share-based payment" instruments in accordance with the provisions of IFRS 2. The cost is recognised in the income statement proportionally for the duration of the vesting period.

As at 31 December 2024, the valuation was revised in the light of the redefinition of the objectives agreed between the parties, in order to align them with the new business plan approved in March 2025.

This restatement of fair value entailed:

- a financial income of Euro 1,471 thousand due to the change in the assumptions for achieving the objectives for exercising the option (Note 31);
- a financial expense of Euro 30 thousand, against the new discount factor (6.364% at the date of assignment) recorded under Financial Expenses (Note no. 33).
-

Note n. 18: Deferred tax liabilities

A breakdown of temporary differences and the consequent deferred tax liabilities at December 31, 2024 and at December 31, 2023 is reported below, based on the type of temporary differences, applying respectively a tax rate of 24% for IRES and 3.9% for IRAP.

Balance at December 31, 2024

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Tax on business combinations	32,494	25,544	7,798	996
Accelerated depreciation	375	-	90	-
Leasing	793	793	190	31
Leasing IFRS16	3,627	-	870	-
Other	1,072	-	321	-
Derivative financial instruments	1,384	-	332	-
Total	39,744	26,336	9,602	1,027

Balance at December 31, 2023

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Tax on business combinations	39,535	31,340	9,488	1,222
Accelerated depreciation	375	-	90	-
Finance Leases	837	837	201	33
Unrealised for, exchange gains/losses	91	-	22	-
Other	1,135	-	342	-
Derivative financial instruments	2,904	-	697	-
Total	44,876	32,176	10,840	1,255

Current liabilities

Note n. 19: Short-term loans and borrowings

The item details are as follows:

(Euro,000)	Dec 31, 24	Dec 31, 23
Utilisation short-term lines	9,365	14,909
Current portion of loans	9,589	35,981
Current portion of loans - Amortised cost and effect of amending	371	(139)
Current financial charges	31	58
Short-term loans and borrowings	19,356	50,809

UTILISATION SHORT-TERM LINES

The item, amounting to Euro 9,365 thousand, refers to short-term uses of credit lines granted by banks for the disposal of working capital.

CURRENT PORTION OF LOANS

This item includes the current portion of the 2021 Senior Financial Agreement loan for Euro 4,050 thousand, the current portion of the Unicredit loan for Euro 1,000 thousand and of Cassa Depositi e Prestiti loan for Euro 788 thousand.

These loans are presented in accordance with the amending agreements signed on April 23 and 24, 2024. The item also includes Euro 645 thousand, relating to the current portion of the Banca BPER S.p.A. loan, the conditions of which are summarized below:

- original amount of Euro 5,000 thousand, maturing on February 3, 2025, repayment according to an amortization schedule of 8 constant quarterly installments, starting from May 03, 2023;
- interest rate indexed to 3-month Euribor, plus a margin of 1.25%;
- there are no financial covenants.

Euro 3,064 thousand refer to the financing line with the Monte Paschi di Siena Institute.

Note n. 20: Other current financial liabilities and derivative financial instruments

A breakdown follows:

(Euro,000)	31-dic-24	31-dic-23
Bond loan - current portion	181	69
Other current financial payables	1,841	2,849
Factoring payables	9,638	2,681
Derivative financial instruments - current portion	273	20
Current financial lease payables - IFRS 16	2,936	2,977
Other current financial liabilities and derivative financial instruments	14,868	8,596

BOND LOAN - CURRENT PORTION

The account includes Euro 177 thousand concerning the payable for interest charges on the bond loan, net of the amortised cost effect (Euro 3 thousand).

OTHER CURRENT FINANCIAL PAYABLES

The amount, equal to Euro 1,841 thousand, mainly includes Euro 1,500 thousand relating to the short-term portion of the security deposit paid in connection with the acquisition of the investment in JANZ – Contagem e Gestão de Flúidos, SA, as well as the short-term portion of the earn-outs contracted during the same transaction, amounting to Euro 306 thousand.

DERIVATIVE FINANCIAL INSTRUMENTS - CURRENT PORTION

The balance as of December 31, 2024 of Euro 273 thousand includes the mark-to-market as of December 31, 2024 of the interest rate risk hedging derivative contracts entered into against the 2021 Senior Financial Agreement (SFA 2021) bank loan, hedged at 50% of the residual nominal value of Euro 63,450 thousand. The characteristics and fair value of the current portion of these instruments are summarised below:

Transaction type	Currency value	Beginning date	Maturity Date	Rate	Notional Dec 31, 24	Fair Value Dec 31, 24
IRS on SFA 2021	Eur	28/06/2024	30/06/2028	3.14%	31,725	(214)
Total					31,725	(214)

During 2024, the Company entered into foreign exchange risk hedging contracts that do not meet the hedging requirements of IFRS 9 for the application of hedge accounting. The characteristics and fair value of the current portion of these instruments are summarised below:

Transaction type	Currency	Currency amount	Currency value	average spot exchange rate	average forward exchange rate	Maturity date / Fair value at the date		
						<3m	>3m; <6m	>6m; <9m
forward sales	CNY	15,000,000	EUR	7.8800	7.8220			(46)
forward sales	GBP	430,000	EUR	0.8293	0.8308	(1)		
forward sales	USD	2,850,000	EUR	1.0394	1.0411	(12)		
Total						(13)	-	(46)

The currency contracts at December 31, 2023 were as follows:

(Euro,000)

Transaction type	Currency	Currency amount	Currency value	average spot exchange rate	average forward exchange rate	Maturity date / Fair value at the date		
						<3m	>3m; <6m	>6m; <9m
forward sales	CNY	15,000,00	EUR	7.9510	7.8770			(13)
forward sales	GBP	500,000	EUR	0.8685	0.8715	(2)		
forward sales	USD	3,500,000	EUR	1.1054	1.1097	(5)		
Total						(7)	-	(13)

As required by IAS 7, the necessary disclosure is provided to permit the reader of the financial statements to assess the changes to liabilities deriving from financial liabilities, where such relates to cash flows or non-monetary changes. These include:

(Euro,000)	Dec 31, 23	Drawn own	Acquisi- tions	Reimbur- sements /settle- ments	Reclassific- ation	Fair Value Changes	Change in amortise- d cost	Dec 31, 24
Bank payables - non-current portion of loans	58,326	2,883			14,741			75,950
Bank payables - non-current portion amortised cost	(144)				(1,105)		1,909	660
Total bank payables - non- current portion loans	58,182	2,883		0	13,636	0	1,909	76,610
Shareholder loans - non- current portion of loans	-	5,000						5,000
Shareholder loan - amortised cost	-							-
Shareholder loan – accrued interest	-	173						173
Bond loan - non-current portion	40,000							40,000
Bond loan - amortised cost, non-current portion	(395)				(46)		420	(21)
Derivative financial instruments - non-current portion	-					611		611
IFRS16	10,532	848			(2,600)			8,780
Payables to other financiers	1,297	49			(1,328)			18
Total other non-current financial liabilities and derivative financial instruments	51,434	6,070	-	-	(3,974)	611	420	54,561
Total non-current financial liabilities	109,616	8,953	0	0	9,662	611	2,329	131,171
Bank payables - current portion of loans	35,981			(11,693)	(14,741)			9,547
Bank payables - current portion amortised cost	(139)			(595)	1,105			371
Current account and accrued interest expense	14,967	9,439		(14,967)				9,439
Total bank payables - current portion of loans	50,809	9,439	0	(27,255)	(13,636)	0	0	19,357
Shareholder loan - current portion of loans	-							-
Bond loan - current portion	-							-
Bond loan - amortised cost current portion	(82)			38	47			3
Bond loan - accrued interest expense	151	178		(151)				178
Derivative financial instruments - current portion	20			(20)		273		273
Factoring payables	2,681	9,638		(2,681)				9,638
IFRS16	2,977	505		(3,147)	2,600			2,935
Payables to other financiers	2,849			(2,337)	1,328			1,840
Total other current financial liabilities and derivative financial instruments	8,596	10,321	0	(8,298)	3,975	273	0	14,867
Total current financial liabilities	59,405	19,760		(35,553)	(9,661)	273	0	34,224

In relation to the hierarchical positioning of the fair value of the derivative instruments in place (IRS, currencies and commodities) those described above are classified as level 2. There were no transfers between Level 1 and Level 2 during the year.

CURRENT FINANCIAL PAYABLES PER IFRS16

The amount concerns the current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16. For further information, reference should be made to Note 36.

Note n. 21: Trade payables

At December 31, 2024, trade payables were broken down as follows:

(Euro,000)	Dec 31, 24	Dec 31, 23
Trade payables	65,786	66,915
Trade payables from companies of the Group	1,148	-
Trade payables to holding company	-	-
Trade payables	66,934	66,915

The table below summarises the financial liabilities maturity of the Group on the basis of the contractual payments not discounted.

(Euro,000)					
Trade payables	Current	<30 days	30-60 days	> 61 days	Total
December 31, 2024					
Trade payables	39,156	7,724	6,962	13,093	66,934
December 31, 2023					
Trade payables	49,462	9,656	5,452	2,345	66,915

SUPPLIER PAYABLES

These include payables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, which correspond to exchange loss of Euro 514 thousand.

Note n. 22: Other current liabilities

A breakdown follows:

(Euro,000)	Dec 31, 24	Dec 31, 23
Other payables	7,008	3,165
Customer advances	842	776
Current remuneration payables	2,129	2,134
Deferred remuneration payables	3,804	5,224
Payables to social security institutions	3,100	3,298
Result bonuses	1,045	1,225
Accrued expenses	1,624	1,922
Substitute tax payables	2,836	2,523
VAT payables	569	501
Other current liabilities	22,957	20,768

OTHER PAYABLES

These principally includes the employee portions (canteen contribution, trade union contributions etc,) for subsequent payment to various entities and institutes.

The item also includes Euro 3,904 thousand, recognised following the signing of an agreement for compensation for the removal of defective meters from two of the main customers of the subsidiary Metersit S.r.l..

CURRENT REMUNERATION PAYABLES

Current remuneration payables principally include employee payables for December 2024 salaries, paid in January 2025.

DEFERRED REMUNERATION PAYABLES

Deferred remuneration refers to holidays and leave matured but not taken, including the relative contributions.

RESULT BONUSES

The item relates to the estimate of premiums for 2024, which are expected to be paid in 2025.

SUBSTITUTE TAX PAYABLES

The account concerns payables for tax withholdings on salaries and wages and payables for withholdings overseas on royalties invoiced by the Parent Company to productive subsidiaries against the use of technical-productive and non-patented know-how, in addition to those of the SIT trademark, all held by the Parent Company.

Note n. 23: Tax payables

The amount of Euro 1,764 thousand mainly concerns the payable for direct income taxes of the foreign subsidiaries.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF INCOME

Note n. 24: Revenue from sales and services

Revenue from sales and services breaks down as follows:

(Euro,000)	2024	2023
Revenues from product sales	295,059	325,410
Revenues from services	4,479	851
Revenues from sales and services	299,538	326,261

Group Revenues from product sales by segment and region are broken down as follows:

(Euro,000)	2024	2023
Heating & Ventilation	209,299	236,501
Smart Gas Metering	59,072	60,298
Water Metering	31,167	29,462
Total revenues from sales and services	299,538	326,261

Group revenues by region were as follows:

(Euro,000)	2024	2023
Italy	94,750	97,346
Foreign EU	124,747	151,359
Foreign Non-EU	80,042	77,557
Total revenues from sales and services	299,538	326,261

Note n. 25: Raw materials, ancillaries, consumables and goods

The breakdown of the account in 2024 and 2023 was as follows:

(Euro,000)	2024	2023
Purchases of ancillary materials	3,014	3,122
Purchases of raw materials, semi-finished & packaging	125,311	140,505
Finished products purchases	15,155	16,690
Purchases of consumable materials	28	34
Purchases of goods	0	234
Maintenance and repair materials	1,544	2,206
Other purchases	1,606	2,459
Duties on purchases	2,100	1,961
Raw materials, ancillaries, consumables and goods	148,759	167,211
Changes in inventories of raw materials, ancillaries, consumables and goods	3,817	3,624
Change in inventories of finished & semi-finished products and goods	5,438	4,954
Change in inventories	9,255	8,578
Total cost of raw materials, ancillaries, consumables and goods	158,015	175,789

Raw materials, ancillaries, consumables and goods, including changes in inventories, amounted to Euro 158,015 thousand, accounting for 52.8% of revenues, decreasing on 2023 (53.9%) due to the contraction in turnover during the year.

Note n. 26: Services

The composition of the account is as follows:

(Euro,000)	2024	2023
Rent, hire and leases	469	499
Outsourcing	6,390	7,744
Transport	7,670	7,142
Commissions	171	154
Legal, administrative and other	5,506	7,061
Insurance	998	1,048
Management services	480	631
Maintenance & repair expenses	4,829	4,619
Utilities	6,661	7,423
Personnel expense	1,838	2,015
Cleaning and security	1,506	1,484
Advertising, marketing, and sponsorship	731	663
Directors, statutory & independent auditor fees	1,854	2,368
Travel and accommodation	993	1,065
Bank charges & commissions	1,098	833
Other services	1,162	1,415
Listing charges	214	306
Royalties	35	55
Service costs	42,604	46,525

OUTSOURCING

The cost of external processing stood at Euro 6,390 thousand, recording a decrease of Euro 1,354 thousand equal to -17.5%, a sharp decrease compared to the previous year following the contraction in turnover.

LEGAL, ADMINISTRATIVE AND OTHER

In the 2024 financial year, consultancy costs stood at Euro 5,506 thousand, with a reduction of Euro 1,681 thousand compared to the 2023 financial year; this reduction is mainly linked to a careful cost reduction policy.

UTILITIES

The cost relating to utilities also had a significant reduction compared to the previous year. In fact, utilities recorded a cost for the 2024 financial year of Euro 6,661 thousand compared to Euro 7,423 thousand in the previous year, with a change of 10.3%.

Note n. 27: Personnel expense

Personnel expenses are shown below:

(Euro,000)		
Personnel expense	2024	2023
Wages and salaries	49,066	54,584
Social security charges	13,151	13,505
Temporary personnel	5,385	6,023
Post-employment benefits	2,547	2,959
Other costs	2,080	3,645
Personnel expense	72,229	80,716

The average number of personnel in 2024 and 2023 was as follows:

Employees	2024	2023
Executives	36	42
White-collar	662	713
Blue-collar	1,281	1,386
Temporary	180	220
Total employees	2,159	2,361

WAGES AND SALARIES

In 2024, the cost of wages and salaries amounted to Euro 49,066 thousand, with a decrease of Euro 5,518 thousand compared to the previous year. The change is mainly attributable to the combined effect of the following phenomena:

- Lower personnel costs following the redefinition of the organizational structure which began in the 2023 financial year with the aim of retraining the skills base present in the company.
- capitalization of higher costs in the year of R&D (Research and Development) personnel for the hours worked on development projects included among the intangible assets in progress of Note 1.

TEMPORARY PERSONNEL

The change in the cost of temporary work was Euro 638 thousand, down compared to the same period of the previous year due to the contraction in sales volumes and, consequently, production.

OTHER COSTS

The item Other Costs for the year 2024 is equal to Euro 2,080 thousand, with a reduction of Euro 1,565 thousand compared to the previous year. The main change is due to lower provisions to other risk funds for reorganization costs in 2024 compared to the previous year.

Note n. 28: Depreciation, amortisation and write-down

The breakdown is as follows:

Depreciation, amortisation and write-downs	2024	2023
Amortisation of intangible assets	8,598	9,084
Depreciation of property, plant and equipment	16,640	16,350
Depreciation of operating leases - IFRS 16	3,257	3,218
Total amortisation & depreciation	28,494	28,652
Write-down of goodwill	7,668	17,000
Write-down of property, plant and equipment	89	1,244
Total write-downs of fixed assets	7,757	18,244
Write-down of current receivables	-20	194
Total write-downs	-20	194
Depreciation, amortisation and write-downs	36,231	47,090

For further details on depreciation, amortisation and write-downs, reference should be made to the notes 1 and 2 on tangible and intangible assets.

Note n. 29: Provisions

The voice is composed as follows:

(Euro,000)	2024	2023
Provision for disputes	1,454	1,128
Others	(72)	112
Uses/releases provisions	(387)	(224)
Provisions for risks	995	1,015

As of December 31, 2024, provisions amounted to Euro 995 thousand, net of uses and releases of Euro 387 thousand. The main movements of the exercise refer to:

- Euro 259 thousand of provisions for future charges which the subsidiary Metersit S.r.l. may incur for the dismantling of the batteries inserted in meters;
- Euro 988 thousand of accruals to the product warranty provision due to application of an updated percentage based on an assessment and analysis of returns for defects, entirely relating to the subsidiary Metersit S.r.l.;
- Euro 85 thousand for an additional provision for technical problems that could arise on certain supplies, entirely referring to the subsidiary Metersit S.r.l.;
- Euro 122 thousand of provisions for the costs of environmental remediation activities of land owned by the Company, recorded in the Parent Company;

The main uses of the year concern Euro 125 thousand relating to the use of the provision for future risks and charges following the recognition of contractually foreseen compensation for the subsidiary Metersit S.r.l. and Euro 152 thousand, relating to the Tunisian companies (Euro 50 thousand for Plast Alfin S.u.a.r.l. and Euro 102 thousand for Sit Controls Tunisia S.u.a.r.l.) following the tax assessment which occurred during 2024.

Note n. 30: Other charges (income)

The account is broken down as follows:

(Euro,000)		
Other charges (income)	2024	2023
Misc. recoveries	204	335
Prior year income	788	411
Gains on fixed assets	2,847	133
Grants	265	757
Other revenues	17	8
Other income	4,121	1,644
Misc. taxes & non-deductible costs	752	507
Losses on fixed assets	8	77
Associations	272	285
Prior year charges	152	113
Impairment on receivables	-	-
IMU Property tax	217	209
Misc. reimbursements	2,820	124
Other charges	897	674
Other charges	4,829	1,989
Other charges (income)	998	345

GAINS ON FIXED ASSETS

The item mainly refers to the capital gain generated by the sale of land owned by the group's Mexican company which was completed in the first months of 2024.

MISC. REIMBURSEMENTS

The item at 31 December 2024 mainly refers to the commercial transaction that the company Metersit S.r.l. has stipulated with one of the main customers. For further information, please refer to what is indicated in Note no. 15.

Note n. 31: Gains/(Losses) from valuations of minority option liabilities

It refers to the fair value delta calculated on the liability deriving from the valuation of the put/call option on the minority share of Sit MBT S.r.l.. This difference is attributable to the change in the underlying hypotheses (and specifically the use of an Economic and Financial Plan updated between the assignment date and the end of the financial year) which leads to a decrease in the recorded liability and the consequent recognition of an income of Euro 1,471 thousand.

Note n. 32: Financial income

At December 31, 2024, Financial income amount to Euro 388 thousand and are composed as follows:

(Euro,000)	2024	2023
Interest income on bank accounts	38	75
Other interest income	89	26
Interest income from Group companies	0	0
Profits on derivative financial instruments	262	842
Financial income	388	942

PROFITS ON DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2024, the amount equal to Euro 262 thousand relates to the mark to market of the derivative contracts on foreign currencies, which do not comply with the company's formal hedging policy.

Note n. 33: Financial charges

Financial charges consist of:

(Euro,000)	2024	2023
Interest charges to holding company	173	-
Interest and other bank charges	7,021	3,852
Interest charges to third parties	609	688
Interest on bond loans	2,329	1,137
Other financial charges	36	1,532
Fair value of financial instruments	59	144
Financial charges for operating leases - IFRS 16	428	474
Financial charges	10,655	7,827

INTEREST CHARGES TO HOLDING COMPANY

The item equal to Euro 173 thousand relates to the interest accrued on the loan provided by the parent company Technologies S.A.P.A. of F.D.S S.S. equal to Euro 5 million, bearing interest at an annual rate of 5%, with capitalization of the related financial charges, subordinated to the financial debt of the Company as well as convertible into capital and/or equity of the Company.

INTEREST AND OTHER BANK CHARGES

The value of Euro 7,021 thousand includes Euro 5,812 thousand relating to charges on existing loans as indicated in the following table:

	Interest (*)	Amortized cost and debt renegotiation	Hedges renegotiation	Total
Bper Loan	93	-	-	93
CDP Loan	478	404	-	882
Banca Montepaschi Loan	45	-	-	45
Pool SFA Loan	3,232	1,912	(812)	4,332
UCI/BEI Loan	239	220	-	459
	4,087	2,536	(812)	5,812

(*) The value also includes the effect of hedges

The amount includes Euro 3,192 thousand linked to the financial restructuring concluded in April 2024, accounted for in accordance with the provisions of IFRS 9. The amount refers to the increased charges, calculated as the difference between the book value of the original debt remaining at the date of the

modification compared to the value of the cash flows deriving from the conditions defined in the new agreements signed, including the expenses paid to credit institutions, discounted at the original effective interest rate of the debt.

The item includes a further Euro 1,209 thousand mainly relating to interest on short-term lines.

INTEREST ON BOND LOANS

The amount of Euro 2,329 thousand entirely concerns the interest charges accruing in the period on the bond loan. For further information, reference should be made to the Directors' Report and to Note 14.

OTHER FINANCIAL CHARGES

At December 31, 2024, the item totalled Euro 36 thousand and concerns the differential recognised in the period for gas and energy tariff hedging contracts.

IFRS 16 FINANCIAL CHARGES

These are financial charges due to the discounting of liabilities relating to *right of use* of assets on operating lease, as defined in IFRS 16. For further information, reference should be made to Note 36.

Note n. 34: Net exchange gains (losses)

At December 31, 2024, net foreign exchange gains amounted to Euro 302 thousand and are composed as follows:

(Euro,000)	2024	2023
Realised exchange gains	3,700	5,866
Realised exchange losses	(3,768)	(5,633)
Unrealised exchange gains	566	1,502
Unrealised exchange losses	(800)	(931)
Net exchange gains and losses	(302)	804

Unrealised exchange gains refer to the positive differences on the conversion of the receivables and payables in foreign currencies at the period-end exchange rates. Unrealised exchange losses refer to the negative differences on the conversion of the receivables and payables in foreign currencies at the period-end exchange rates.

Net exchange gains and losses in 2024 amounted to a loss of Euro 302 thousand compared to a profit of Euro 804 thousand in the previous year due to the unfavourable trend in the exchange of invoicing to the Group's functional currency.

Note n. 35: Income taxes

The breakdown of Income taxes in 2024 and 2023 was as follows:

(Euro,000)	2024	2023
Current income taxes	2,795	2,309
Deferred tax charges	(2,042)	(2,323)
Deferred tax income	6,940	(8,019)
Income from tax consolidation	-	(129)
Taxes from previous year	(899)	-
Other	4,070	250
Income taxes	10,865	(7,912)

Compared with the comparative period, the item taxes was mainly affected by the partial write-down of the deferred tax assets of the Parent Company and some Italian subsidiaries that are part of the national tax consolidation system.

Following the update of the economic and financial projections, which do not show sufficient taxable income over the time horizon of the plan (2025-2029), the Directors decided to proceed with the partial write-down of the deferred tax assets relating to deductible temporary components, tax losses and the ACE benefit, for a total amount of Euro 4,697 thousand, in addition to the write-down of receivables for withholding taxes suffered abroad that are deemed not to be recoverable for Euro 3,973 thousand.

Furthermore, in line with the above, deferred tax assets relating to deductible temporary differences arising during the year and tax losses for the current year that can be carried forward within the terms provided for by current tax legislation have not been recognised.

The Company will continue to periodically monitor the evolution of the expected tax results and the related projections, adjusting the recognition of deferred tax assets according to any changes in the forecasting and regulatory framework of reference.

The IRES and IRAP rates applied by the Company on estimated assessable income in the year are respectively 24% and 3.9%, for current taxes and for the calculation of deferred taxes.

Reconciliation of theoretical and actual tax rates		
Pre-tax profit	31/12/2024	31/12/2023
Adjustments for items not subject to taxation		
Pre-tax profit	(20,707)	(31,300)
Theoretical IRES in Italy 24.0%	4,970	7,512
Tax effect non-deductible costs	(1,914)	(4,589)
Tax effect on higher deductible costs	1,048	3,425
Tax effect on non-assessable income	(106)	-
Adjustments for prior period taxes	333	194
Tax Receivables	5	5
Other	161	649
Write-down of credits for withholdings paid abroad	(3,981)	-
Impairment losses imposed on prior year losses, ACE and timing	(4,688)	-
Deferred tax assets not accrued on Losses and timing for the year	(6,666)	-
Difference the tax rate on foreign entities	(55)	609
IRAP	(4)	(77)
IRAP deferred tax charge	100	100
IRAP deferred tax income	(68)	84
Tax at effective rate	(10,865)	7,912
Effective tax rate	-52.47%	25.28%

Note n. 36: Leasing contracts

The tables below summarise the effects on the Group financial statements at December 31, 2024 concerning the valuation of the “Right-of-use” (“ROU”) of assets from operating lease contracts, as required by IFRS 16 – Leases. For the indication of the balance sheet accounts which include these assets, reference should be made to Note 2.

Economic effects from assets consisting of the right-of-use (ROU) on the income statement for the period:

(Euro,000)	
Economic effect from ROU assets	2024
Operating lease contract charges	3,561
Contracts classified as short-term leases	
Contracts classified as low-value assets	15
Total costs for services	3,577
Land & buildings	(1,514)
Industrial & commercial equipment	(564)
Other tangible assets	(1,180)
Total depreciation	(3,258)
Income from sub-leasing contracts	-
Sales and leaseback transaction	-
Total other charges/(income)	-
Interest charges on financial liabilities	(428)
Total financial charges	(428)

Effects on the balance sheet from right-of-use assets:

(Euro,000)		31/12/2024
Net investments accounted as ROU as at 1.1.2024		12,809
Increases in the year		1,439
Asset write-downs		(86)
Depreciation and amortisation of the year		(3,258)
Exch. diff.		41
Net investments accounted as ROU as at 31.12.2024		10,945
Payable for financial liabilities from ROU assets at 1.1.2024		13,509
Commitments in the year		1,439
Early settlements in the year		(87)
Cash outflows		(3,197)
Exch. diff.		52
Gross value of liabilities from ROU assets at 31.12.2024		11,716
Obligations for short-term lease contracts		
Obligations for low-value asset contracts		13
Total obligations for lease contracts with recognition to costs of payments due		13

Effects on future cash flows from right-of-use assets:

(Euro,000)	31/12/2024
Within the year	2,932
Between 1 and 5 years	6,777
Over 5 years	2,006
Total liabilities deriving from operating lease contracts	11,715

Note n. 37: Earnings per share

The basic earnings per share is calculated by dividing the profit (loss) attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the year.

The diluted earnings per share is calculated by dividing the profit (loss) attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the year and the potential shares deriving from the exercise of all convertible bonds.

Information is shown below for the calculation of the basic and diluted earnings per share:

(Euro,000)		
Profit (loss) attributed to the ordinary shareholders of the Parent Company	31-dic-24	31-dic-23
Profit (loss) attributed to the ordinary shareholders of the Parent Company	(31,573)	(23,388)
Dilution effect deriving from potential ordinary shares		-
Total profit/(loss) attributed to the ordinary shareholders of the Parent Company	(31,573)	(23,388)
Earnings per share	31-dic-24	31-dic-23
Weighted average number of ordinary shares, excluding treasury shares, to calculate basic earnings per share	24,396,560	24,327,666
Dilution effects for Warrants		-
Dilution effects for Performance Shares		-
Weighted average number of ordinary shares due to dilution effect	24,396,560	24,327,666
Basic earnings per share	(1.2942)	(0.9614)
Diluted earnings per share	(1.2942)	(0.9614)

Note n. 38: Share-based payments

At December 31, 2024, the company holds 650,327 treasury shares in order to service the long-term incentive plan for employees and/or collaborators of the company and/or subsidiary companies, in order to incentivise achievement of the medium-term plan, as further described in Note 12.

The table below shows the economic effects deriving from these instruments:

Costs deriving from share-based payment transactions	2024	2023
Costs from equity-settled share-based payment transactions	(196)	1,020
Costs from cash-settled share-based payment transactions	224	-
Total costs deriving from share-based payment transactions	28	1,020

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

On April 2021, the Shareholders' Meeting approved 3 new incentive plans, with the following characteristics:

- 2021-2025 Performance Shares Plan: provides for the identification and nomination by the Board of Directors of executives and employees of the company and/or of the subsidiaries, with the objective of:
 - better aligning the interests of management and the creation of shareholder value with a view to medium to long-term sustainability;
 - strengthening the motivation of management to pursue objectives that are not only profitable/business-related but that also create value for shareholders;
 - ensuring a high level of attraction and retention of key personnel, offering remuneration packages in line with market practice.

The Plan has a multi-year duration and is divided into 3 cycles ("rolling"), each of three years.

- 2021-2023 Restricted Shares Plan: provides for the identification and nomination by the Board of Directors of 4 executives, from among those who play a key role in achieving the SIT Group's objectives. Through the adoption of the plan, the Company seeks to ensure a high level of retention of key personnel, offering remuneration packages in line with market practice, taking into account in particular the combined incentive effect of the performance shares plan of which the Beneficiaries are also recipient.
- 2021-2024 Advisory Board Share Remuneration Plan: to incentivise the Advisory Board to undertake its consultative functions effectively through an incentive system linked to the achievement of performance objectives over an extended period. The Plan in addition furthers the creation of shareholder value with a view to medium to long-term sustainability.

The Board of Directors has identified by name the beneficiaries of the plans described above. The following tables illustrate the number and weighted average exercise prices (PMPE) of options during the exercise.

	2024	
	No. options	Weighted average price
2021-2023 Performance Shares Plan		
1st Cycle		
Outstanding at January 1	131,942	7.26
Assigned during the year	-	-
Cancelled during the year	-	-
Exercised during the year	(96,861)	7.26
Change in the year	(35,081)	7.26
Expired during the year	-	-
Outstanding at June 30	-	-
Exercisable at June 30	-	-

The first cycle of Performance Shares ended in the first half of 2024 with the achievement of 72.5% of the targets set, resulting in the conversion of units into the same percentage. The effect on the income statement relating to the release of the cost previously allocated is equal to Euro 263 thousand.

2024		
2021-2023 Restricted Shares Plan	No. options	Weighted average price
Outstanding at January 1	67,436	7.26
Assigned during the year	-	-
Cancelled during the year	-	-
Exercised during the year	(67,440)	7.26
Change in the year	4	7.26
Expired during the year	-	-
Outstanding at June 30	-	-
Exercisable at June 30	-	-

The Restricted Shares plan was completed in the first half of 2024 with the achievement of 100% of the targets set, resulting in the total conversion of the units assigned.

Below is information on the two cycles of the incentive plan still in progress:

2024		
2022-2024 Performance Shares Plan 2 nd Cycle	No. options	Weighted average price
Outstanding at January 1	145,225	4.41
Assigned during the year	-	-
Cancelled during the year	(29,073)	4.41
Exercised during the year	-	-
Change in the year	-	-
Expired during the year	-	-
Outstanding at December 31	116,152	4.41
Exercisable at December 31	-	-

2024		
2023-2025 Performance Shares Plan 3 rd Cycle	No. options	Weighted average price
Outstanding at January 1	169,595	1.71
Assigned during the year	-	-
Cancelled during the year	(10,490)	1.71
Exercised during the year	-	-
Change in the year	-	-
Expired during the year	-	-
Outstanding at December 31	159,105	1.71
Exercisable at December 31	-	-

2024		
2021 – 2023 Advisory Board Plan	No. options	Weighted average price
Outstanding at January 1	30,000	9.65
Assigned during the year	-	-
Cancelled during the year	(30,000)	9.65
Exercised during the year	-	-
Change in the year	-	-
Expired during the year	-	-
Outstanding at December, 31	-	-

The Advisory Board's plan ended in the first half of 2024 with the failure to achieve the objectives set, not involving the conversion of any of the assigned units. The effect on the income statement relating to the release of the cost previously allocated is equal to Euro 289 thousand against the redefinition of the fair value before the end of the vesting period.

The fair value of the options granted is measured at the grant date taking into account the terms and conditions under which the options were granted. Specifically:

- for the performance shares and restricted shares plan, the model estimated the actual value based on the expected dividends and the discount rate for the vesting period.
- the Monte-Carlo simulation model was used for the plan for the advisory board.

The tables below list the information with which the model used for the plan adopted for the financial year 31 December 2021 was fed, also valid for the current year:

2021-2025 Performance Shares Plan	
Assumptions for the measurement of the plan fair value	2021
1st Cycle	
Weighted fair value at the measurement date	7.26
Dividend yield (%)	3.91
Interest free risk rate (%)	(0.74)
Expected useful life of the options (in years)	2.6

2021-2023 Restricted Shares Plan	
Assumptions for the measurement of the plan fair value	2021
Weighted fair value at the measurement date	7.26
Dividend yield (%)	3.91
Interest free risk rate (%)	(0.74)
Expected useful life of the options (in years)	2.6

2021 - 2024 Advisory Board Plan	
Assumptions for the measurement of the plan fair value	2021
Weighted fair value at the measurement date	9.65
Dividend yield (%)	3.91
Expected volatility (%)	31%
Interest free risk rate (%)	(0.74)
Expected useful life of the options (in years)	2.6

Model adopted
Correlation with index

Monte - Carlo
33%

2022-2025 Performance Shares Plan	
Assumptions for the measurement of the plan fair value	2022
2nd Cycle	
Weighted fair value at the measurement date	4.41
Dividend yield (%)	5.00
Interest free risk rate (%)	(2.45)
Expected useful life of the options (in years)	2.6

2023-2026 Performance Shares Plan	
Assumptions for the measurement of the plan fair value	2023
3rd Cycle	
Weighted fair value at the measurement date	1.71
Dividend yield (%)	0.00
Interest free risk rate (%)	(3.10)
Expected useful life of the options (in years)	2.42

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends which may not coincide with the actual outcome.

The expected useful life of the options is based on historical data and is not necessarily indicative of possible exercise profiles.

CASH-SETTLED SHARE-BASED PAYMENTS

Following the signing of the agreements relating to SIT Motors & Blowers Technology S.r.l., the instruments granted to the two minority quotaholders, who provide working activities to the subsidiary, are recorded as "Cash-settled share-based payment" instruments in accordance with the definition of IFRS 2 (for further information on the transaction, please refer to Note 17 and paragraph "Information on the SIT MBT S.r.l. transaction"). The cost is recognised in the income statement pro rata temporis over the vesting period.

The following table lists the information with which the model used was fed:

Assumptions for the measurement of the plan fair value	2024
Discount factor	6.240%
Expected useful life of the options (in years)	4.41

OTHER INFORMATION

Disclosures by operating segment

Income Statement

2024

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Revenue from sales and services	212,871	59,345	31,306	170	-4,154	299,538
Operating costs	229,563	57,866	27,738	60	-4,154	311,072
EBIT	(16,692)	1,479	3,568	111	0	(11,534)

2023

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Revenue from sales and services	240,156	60,335	29,549	163	-3,943	326,261
Operating costs	272,020	55,673	27,667	62	-3,943	351,479
EBIT	(31,864)	4,661	1,883	101	0	(25,219)

Balance Sheet

2024

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Assets	282,640	78,138	46,334	59,142	-79,489	386,765
Liabilities	226,664	33,378	43,506	32,176	-50,382	285,342
Shareholders' Equity	55,976	44,760	2,828	26,965	-29,107	101,422

2023

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Assets	323,010	70,165	43,296	58,994	-67,177	428,401
Liabilities	222,443	26,750	43,262	30,720	-66,166	285,277
Shareholders' Equity	100,567	43,415	33	28,275	-1,011	143,124

Related party transactions

SIT has prepared procedures for related party transactions in accordance with Article 4 of the CONSOB Regulation concerning related party transactions. This Regulation was adopted by Consob with Resolution No. 17221 of March 12, 2010, as subsequently amended and updated and, most recently, with Consob Resolution No. 21623 and 21624 of December 10, 2020. The Procedures for Transactions with Related

Parties was published on the Company's website www.sitcorporate.it (Corporate Governance, Governance Documents section). Reference should be made to the Directors' Report for further information.

Transactions with the parent company and other related parties

In addition to intra-group transactions, SIT's main transactions were with the parent company, Technologies SAPA of F.D.S. S.S. and with other related parties, such as Findest S.p.A., the company SIT Immobiliare S.p.A. (merged into Findest S.p.A. in 2024) and Hybitat S.r.l., a company over which Sit S.p.A. exercises significant influence in exchange for the commitment to subscribe to participatory financial instruments up to a maximum of Euro 2,900 thousand within the first 36 months of incorporation of the company itself. As of December 31, SIT subscribed to 7,300 SFPs for a total value of Euro 730 thousand. At the balance sheet date, the balances of transactions with the parent company and other related parties are shown in the following table:

Dec 31, 24	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
<i>Technologies SAPA di F.D.S. S.S.</i>	14	-	-	173	-	5,173	33	-
Holding company	14	-	-	173	-	5,173	33	-
<i>Findest S.p.A.</i>	34	2	-	49	-	-	211	-
<i>Hybitat S.r.l.</i>	64	0	-	-	730	-	103	-
Transactions with other related parties	98	2	-	49	730	-	315	-

La tabella seguente riporta i rapporti intercorsi con parti correlate nell'esercizio precedente e rispecchia la catena del controllo in essere al 31 dicembre 2023:

Dec 31, 23	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
<i>Technologies SAPA di F.D.S. S.S.</i>	24	-	-	-	-	-	18	-
Holding company	24	-	-	-	-	-	18	-
<i>SIT Immobiliare S.p.A.</i>	18	-	-	-	-	-	17	-
<i>SIT Technologies S.p.A.</i>	24	2	-	15	-	-	1,033	-
<i>Hybitat S.r.l.</i>	37	-	-	-	150	-	39	-
Transactions with other related parties	79	2	-	15	150	-	1,089	-

SIT's operating revenues from Technologies SAPA F.D.S. S.S. , Findest S.p.A. and Hybitat S.r.l. refer to consultancy and assistance in the financial, administrative, tax and management control sectors provided by the Company under the service contract.

It should be noted that SIT S.p.A., SIT Technologies S.p.A. (now referred to as Findest S.p.A.), SIT Immobiliare S.p.A. (merged into Findest S.p.A. in 2024) and Metersit S.r.l. have joined the National Tax Consolidation procedure for the three-year period 2022 – 2024, an institution governed by Legislative Decree no. 344 of 12 December 2003 and in particular by articles 117 to 129 of the T.U.I.R., with Findest S.p.A. as consolidating company and the other companies as consolidated companies, as per the resolution of the respective administrative bodies. The subsidiary SIT Metering s.r.l. has adhered to the National Tax Consolidation procedure for the three-year period 2023 – 2025 and the parent company Technologies SAPA of F.D.S. S.S. for the three-year period 2024 – 2026, both as consolidated.

Finally, we would like to point out that since fiscal year 2020 SIT Technologies S.p.A. (now referred to as Findest S.p.A.), as parent company, SIT S.p.A., SIT Immobiliare S.p.A. (merged into Findest S.p.A. in 2024) and Metersit S.r.l., as subsidiaries, have adhered to the Group VAT settlement procedure, provided for by art. 73 last paragraph of Presidential Decree 633/1972 as resolved by the respective administrative bodies during 2019. The subsidiary SIT Metering s.r.l. and the parent company Technologies SAPA of F.D.S. S.S. have joined the VAT group procedure since the 2021 and 2023 financial years respectively. As of December 31, 2024, the Group's credit balance with the Parent Company Findest S.p.A. amounted to Euro 2,623 thousand.

Finally, it should be noted that in January 2024, the sale of land owned by the Mexican subsidiary to Ompi N.A. S. de R.L. de C.V., a company headed by a director of the Parent Company, was completed.

Information on remuneration of Directors, Statutory Auditors and Independent Auditors

The remuneration of the administrative and control bodies and the independent auditors for the activities carried out by the Group during the year is as follows:

(Euro,000)	2024	2023
Director fees	937	942
Statutory auditor fees	161	166
Total	1,098	1,109

The Group paid the independent auditors and its network a fee of Euro 604 thousand, divided as follows:

(Euro,000)	2024	2023
Fees received by Deloitte & Touche S.p.A. for audit services	328	352
Limited examination of the Group's Sustainability Report	105	33
Fees received from other companies belonging to the Deloitte network for audit services on foreign investee companies	140	128
Fees received by the Deloitte network for audit services	573	513

(Euro,000)	2024	2023
Fees received by Deloitte & Touche S.p.A. for verification services for the issue of a statement	31	27
Fees received by other Deloitte network companies for verification services for the issue of a statement	-	-
Fees received by Deloitte network companies for verification services for the issue of a statement	31	27

Guarantees, commitments and off-balance sheet contingent liabilities

The off-balance sheet commitments of the Parent Company at December 31, 2024 were as follows.

	2024	2023
Other unsecured guarantees	45,610	73,294
Secured guarantees	-	-
Total guarantees	45,610	73,294

Other unsecured guarantees

Other unsecured guarantees issued by the Parent Company to third parties were as follows:

	2024	2023
In the interest of subsidiaries	45,374	73,059
In own interest	236	235
Total other guarantees	45,610	73,294

With regard to the personal guarantees issued in the interest of subsidiaries, these are guarantees issued in the interest of Metersit S.r.l. for Euro 45,374 thousand, in favour of the latter's customers in the context of tenders for the installation of Smart Gas Meters, it should be noted that Euro 6,382 thousand are co-bonds with the same subsidiary Metersit S.r.l.

The guarantees issued in the own interest mainly refer to the surety granted as a deposit following the signing of the lease agreement for the Rovigo property for Euro 54 thousand and to the surety granted as a guarantee for the reclamation works in the Padua area for Euro 121 thousand.

Secured guarantees

At the reporting date the company did not provide any secured guarantees.

Off-balance sheet transactions

SIT S.p.A. has in place with its customers, suppliers, workers and trade associations, other commercial and financial partners numerous contractual agreements that provide for reciprocal commitments of various types and of various durations, whose effects are recognised to the balance sheet to the extent of their compliance with the accounting standards applied, particularly with regards with the accruals principle, while future effects are obviously not recorded to the balance sheet where complying with that established by the accounting standards.

However, the aforementioned agreements are all part of what can be defined as "normal industrial, commercial and financial management", considering the size and organizational complexity of SIT S.p.A.. By way of example and not limited to, we can mention: multi-year framework agreements with customers and suppliers, agreements with customers for the joint development of new products, consignment stock

contracts both for purchase and sale, agency and distribution agreements, outsourcing agreements for assembly, warehousing, logistics management and other services.

Financial instruments recognised at Fair Value

The Group is exposed to financial risks relating to the following cases:

- Market risks: (i) exchange rate risk deriving from operations in currencies other than the functional currency of the companies and the Group; (ii) interest rate risk deriving from fluctuations in market interest rates; (iii) price risk deriving from changes in the market prices of certain raw materials used by the Group in its production processes;
- Credit risk deriving from commercial relationships with its customers;
- Liquidity risk relating to the availability of financial resources and access to the credit market.

SIT Group has in place corporate exchange rate risk management, interest rate risk management and liquidity management policies approved by the Board of Directors.

The purpose of these policies is to regulate, within a shared framework, the management approach, objectives, roles, responsibilities and operational limits in financial risk management activities.

Consistent with what is defined in the policies, the Group has centralized its operations in the parent company SIT S.p.A. the management of the financial risks of the subsidiaries by assuming the role of coordination of the processes, operational mechanisms and related organizational procedures at Group level.

Exchange rate risk

The Group is subject to the risk deriving from exchange rate fluctuations as it operates in an international context in which transactions are conducted in currencies other than the functional currency of the individual investee companies and the functional currency of the Group. The Group's exposure to exchange rate risk therefore derives from the geographical distribution of the markets in which it sells its products, the location of its production sites and the use of sources of supply denominated in different currencies.

During the 2024 financial year, in line with company policies, the Company carried out financial hedging transactions limited to the ordinary management of the Group's currency treasury, operating in this regard in the main currencies.

Foreign exchange risk hedging transactions outstanding at the balance sheet date and their fair value at the same date are shown in Notes 4 and 19.

Interest rate risk

The Group is subject to the risk arising from fluctuations in market interest rates as it holds assets and liabilities that are sensitive to changes in market interest rates.

SIT regularly assesses the exposure to the risk of changes in interest rates and manages these risks also through the use of derivative financial instruments in accordance with the provisions of the company policies. These policies define the financial instruments that can be used and speculative activities are not permitted.

Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing interest risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position, financial position, results of operations and prospects.

During 2024, following the renegotiation of the main loan contracts, some of the interest rate hedging transactions outstanding at the date of the 2023 financial statements were extinguished and remodulated in line with the new financial profile of the renegotiated debt.

It therefore appears that at the balance sheet date the Group has outstanding term loans and bonds for a principal nominal amount of Euro 125.5 million. These loans are currently covered through Interest Rate Swaps or fixed-rate interest for an amount of Euro 84.2 million, equivalent to 67.1% of the underlying value. The average fixed coverage rate is 3.25%.

Hedging transactions outstanding at the balance sheet date and their fair value at the same date are disclosed in the Explanatory Notes.

Risk of fluctuations in commodity prices

The production costs of SIT Group are influenced by the prices of certain raw materials, such as copper, aluminium and lithium, as well as by the costs of electronic components, both as a result of direct purchase and by the effect of fluctuations in their price on the purchase cost of components and semi-finished products containing a significant quantity.

In order to mitigate these risks, SIT constantly monitors the availability of raw materials on the market, as well as the trend in the relative price, in order to promptly identify any shortage situations and then to activate suitable actions to ensure the necessary production autonomy and to keep its production cost competitive. In addition, the Group, when it deems it appropriate, in relation to the expected trends, enters into financial contracts to hedge the risk of fluctuations in raw material prices.

The 2024 financial year did not record any particular discontinuity events in the supply markets such as to lead to shocks on prices or on planning and delivery times. Inflationary phenomena, although higher than in recent history, have partially receded. Volatility in transport costs has remained in place, often linked to localized geopolitical problems or tensions which, however, have had an effect on global supply networks. Energy also recorded a downward trend compared to the previous year but remains exposed to sudden fluctuations for exogenous reasons that are difficult to predict.

During the year, the electronic components market essentially normalised, although some codes used by the Group continue to be subject to very long delivery lead times.

Credit risk

The credit risk deriving from the normal operations of the Group companies with commercial counterparties is managed and controlled as part of the procedures for entrusting and monitoring the credit standing of customers with the aim of ensuring that sales are made to reliable and solvent customers. Credit management activities are coordinated by the Parent Company for all Group companies through periodic reporting and meetings and are based on the information available on the solvency of customers considering historical data and associating exposure limits for individual customers. In addition, the schedule of trade receivables is constantly monitored during the year in order to anticipate and promptly intervene on credit positions that present a greater degree of risk.

At the balance sheet date, there were no significant credit risk positions.

For further details on the breakdown of trade receivables, please refer to Note 7.

Liquidity risk

Liquidity risk may arise from the difficulty of finding the financial resources necessary to guarantee the Company's operations at economic conditions and within the required timeframe. With this in mind, SIT has adopted a series of policies aimed at optimizing the management of financial resources by reducing liquidity risk through:

- maintaining an adequate level of available liquidity;
- obtaining adequate credit lines;
- monitoring of prospective liquidity conditions with the support of internal business planning processes.

The Company's cash flows, financial requirements and temporary liquidity are closely monitored and managed centrally by the Parent Company, which carries out the Group's treasury and financial coordination activities with the aim of ensuring effective and efficient management of financial resources in relation to changes in the macroeconomic conditions of reference.

In 2024 financial year, the Group recorded a reduction in consolidated revenues of 8.2% during the year compared to 2023.

While Metering as a whole marks a trend in line with the previous year, the decrease is attributable to the Heating & Ventilation business, which recorded a reduction of 11.7% compared to 2023, which in turn had marked a reduction of 25.8% compared to 2022.

The sector is clearly in a phase of discontinuity with respect to the past, influenced by exogenous factors and regulatory changes in the context of the energy transition.

Starting from the end of 2023, in the face of the expected impossibility of meeting existing financial commitments, the Directors initiated discussions with the banking sector which led to the signing in April 2024 of a series of agreements amending certain loan relationships, agreeing on the extension of the original maturities by 24 months and the remodulation of the repayment profile with maintenance of the current interim cadences, as well as the redefinition of the levels of financial covenants to reflect the changed income and financial prospects of the Group in the short and medium term.

The majority shareholder also disbursed to SIT a loan of Euro 5 million, interest-bearing, with capitalization of the related financial charges, subordinated and subordinated to the financial debt.

Following the signing of the agreements, starting from the second half of the year, management showed a market trend lower than expected and the economic and financial forecasts formulated by the Company when updating its annual financial statements. In response to these indications, the Company continued to operate on the efficiency measures already envisaged – such as the closure of production activities in the Dutch plant and warehouse reduction policies – and activated a series of further actions aimed at adapting the economic and financial profile to the new context.

The 2024 financial year, although presenting lower results than originally expected and compared to the previous year, was nevertheless carried out regularly and all the Group's financial commitments were met.

On 4 February and 21 March 2025, the Board of Directors approved the 2025 Budget and the Multi-year Strategic Plan (PAM 2025 – 2029) respectively, the latter subject to an Independent Business Review (IBR) by an independent expert.

On the basis of the two aforementioned documents, the future evolution of liquidity has been projected through the preparation of a monthly cash flow over the 2025-2026 time horizon taking into account operational, current and non-recurring and financial details. It can be seen that the greatest financial need

manifests itself in the first part of 2025 with a favourable seasonality in the second half of the year that will allow the repayment commitments defined in the April 2024 agreements to be met. Also in 2026, the impacts of seasonality will manifest themselves similarly and the projections do not show any particular criticalities. In the basic scenarios, both financial commitments and contractual covenants, on the basis of the contractual mechanisms envisaged with reference to their measurement, provide reasonable evidence of being respected.

The basic scenario of cash profile planning was also subjected to a series of sensitivities on some key hypotheses - such as the reduction in turnover, the worsening of margins and the simulation of the impact of US duties on market demand - aimed at quantifying the margins of flexibility and maneuver with respect to the existing credit lines. The sensitivities identified by the independent expert advisor in the IBR were not included in the projections as they did not show an impact on the horizon analyzed for liquidity purposes.

The impact of sensitivities on the monthly cash flow trend highlighted the greatest attention profiles in the first half of 2026 with respect to which the Company has identified a series of mitigation actions that can be implemented to manage these possible peaks. These are both operational actions, which act on investment timing or working capital conditions, and financial actions by resorting to some credit ceilings that are not currently used.

Speaking about the financial covenants, as already mentioned, the basic scenarios contained in the Budget and the Strategic Plan do not highlight critical issues regarding compliance with the parameters. However, in order to assess the headroom on these parameters, starting from the base hypothesis, several stress scenarios were simulated in particular on three key maturities: 30 June 2025, 31 December 2025 and 30 June 2026.

The values of the contractual covenants in place as of December 31, 2024 and on the dates mentioned are as follows:

	December 31, 2024	June 30, 2025	December 31, 2025	June 30, 2026
Leverage ratio (NFP/Ebitda adj)	5.50x	4.90x	3.90x	3.90x
Interest cover (Ebitda adj/ Net financial charges)	3.0x	4.0x	4.0x	5.0x
Debt / Equity (NFP/Equity)	1.5x	1.5x	1.5x	1.5x
Liquidity Covenant (Minimum amount of liquidity and short-term lines available)	€5 million €7 million	€5 million €7 million	€5 million €7 million	n/a
Capex Covenant (Maximum annual level of investment)	€24 million	n/a	€23.5 million	n/a

It should be noted that financial covenants are defined on the basis of the definitions contained in the loan agreements.

As of December 31, 2024, the covenants were met, while the breakeven level of the covenants relating to Debt/Equity and Interest Cover was verified on the maturities subject to the stress test, depending on the reduction in revenues and margins of the Group.

In light of the analyses carried out, after assessing the uncertainty profiles related to the achievement of the results envisaged in the Budget and the economic-financial plan, including the revenue growth targets, and the realization of the assumptions underlying the cash plan for 2025 and 2026, taking into account

the performance of the first months of the current year and the rescheduling of loans as defined in the April 2024 agreements, of the forecasts drawn up and any actions that may be taken in the management of liquidity, it is considered that the financial commitments of the Group and the Company are consistent, in terms of amount and timing, with current and prospective availability and that the financial covenants in place can be reasonably respected also due to the contractual mechanisms envisaged with reference to their measurement.

Financial instruments recognised at Fair Value

IFRS 13 defines the following three hierarchical fair value levels to which reference should be made for the measurement of financial instruments recorded in the balance sheet:

- Level 1: listed prices on active markets for identical assets or liabilities;
- Level 2: technical valuations (based on direct and indirect observable market data)
- Level 3: technical valuations (not based on observable market data)

With regards to the financial instruments recognised to the financial statements at *Fair Value* at December 31, 2024, the following table outlines the type of instrument, its value at the reporting date and the fair value hierarchy utilised:

Transaction type	Value at Dec 31, 24	Valuation criterion	Level 1	Level 2	Level 3
Interest Rate Swap	(716)	<i>Fair Value</i>		(716)	
Forex Forward	(59)	<i>Fair Value</i>		(59)	
Commodity Swap	-	<i>Fair Value</i>		-	

During the 2024 financial year, there were no transfers between the three fair value levels indicated in IFRS 13.

A similar table is shown for the financial instruments recorded at fair value as at December 31, 2023:

Transaction type	Value at Dec 31, 23	Valuation criterion	Level 1	Level 2	Level 3
Interest Rate Swap	2,931	<i>Fair Value</i>		2,931	
Forex Forward	(20)	<i>Fair Value</i>		(20)	
Commodity Swap	-	<i>Fair Value</i>		-	

For further details on the risks identified, please refer to the Directors' Report.

Market and competition law - Law No. 124 of August 4, 2017, paragraph 125

In compliance with the disclosure obligation referred to in paragraph 125 of art. 1 of Law 124/2017, replaced by Article 35 of Legislative Decree 34/2019, the contributions and subsidies received by the public administration are summarized below:

Agency	Grants received in accordance with Law 124/2017 Sec. 125	Title
4.Manager - Rome	3,000	Contribution provided for by Article 9, paragraph of the CCNL for executives
Simest S.p.A. – Rome	7,874	Low-interest loan for Business Participation in Fairs and Exhibitions
Simest S.p.A. – Rome	5,249	Non-repayable loan for the participation of companies in Fairs and Exhibitions
Simest S.p.A. – Rome	23,457	Low-interest loan for technical assistance programs for training in foreign countries
Simest S.p.A. – Rome	15,638	Non-repayable loan for technical assistance programs for training in foreign countries
Total	55,218	

Events subsequent to the end of the financial year

With reference to events occurring after the end of the year, reference should be made to the section "Significant events after the reporting period" and "Outlook for the year".

For the proposals to the Shareholders' Meeting on the allocation of the 2024 result, please refer to the specific part of the Directors' Report.

Padua, April 17, 2025

The Chairman of the Board of Directors
(Mr. Federico de' Stefani)

DECLARATION ON THE CONSOLIDATED FINANCIAL STATEMENTS
PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971

Declaration on the Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

The undersigned Federico de' Stefani, Chairman and Chief Executive Officer, and Paul Fogolin, Executive Officer for Financial Reporting, of Sit S.p.A., declare, and also in consideration of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998:

- The adequacy considering the company's characteristics and
- The application of the administrative and accounting procedures for the compilation of the consolidated financial statements for the period January - December 2024.

In addition, we declare that the consolidated financial statements:

- corresponds to the underlying accounting documents and records;
- were prepared in accordance with International Financial Reporting Standards adopted by the European Union through Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002 and also in accordance with Article 9 of Legislative Decree 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the company and of the consolidated companies;
- the Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The English version of the consolidated financial statements of SIT Group constitute a non-official version with regard to the provisions of the Commission Delegated Regulation (EU) 2019/815.

Padua, April, 17 2025

The Chief Executive Officer
Federico de' Stefani

The Executive Officer for Financial Reporting
Paul Fogolin

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED
FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
SIT S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of SIT S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of SIT S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Impairment test of goodwill relating to Heating & Ventilation, Smart Gas Metering and Water Metering CGUs

Description of the key audit matter

The consolidated financial statements as of December 31, 2024 include goodwill equal to Euro 63,3 million allocated to Heating & Ventilation cash generating unit ("CGU") amounting to Euro 37,5 million, reflecting an impairment of Euro 7,7 million recognized this year based on the results of impairment test, to Smart Gas Metering CGU of Euro 17.2 million and to Water Metering of Euro 8.6 million.

Goodwill, as required by "IAS 36 Reduction in the value of assets", is not amortized, but is subjected to impairment test at least annually by comparing the recoverable value of the CGUs - determined as the value in use according to the "Discounted Cash Flows" methodology - and the carrying amount, which comprises goodwill and other tangible and intangible assets allocated to the CGUs.

The impairment test related to the consolidated financial statements as of December 31, 2024 was approved by the Board of Directors on April 17, 2025.

The Directors evaluation process is complex and based on assumptions regarding, among other things, the expected cash flows of the CGUs and the determination of appropriate discount rates (WACC) and long-term growth rate (g-rate). These assumptions are influenced by expectations about future performance and market conditions, which introduce elements of inherent uncertainty on the estimates.

Given the relevance of the amount of goodwill recorded in the financial statements, the subjectivity of the estimates related to the determination of the expected cash flows of the CGUs and the key variables of the impairment model, as well as the multitude factors that can influence the market in which the Group operate, we considered the impairment test of goodwill attributable to the mentioned CGUs a key audit matter of the Group's financial statements.

The explanatory notes, with particular reference to Note 1 "Goodwill and Other intangible assets" provide information on goodwill, on impairment test and on sensitivity analysis prepared by the Directors related to the main test parameters.

Audit procedures performed

As part of our audit, among other things, we carried out the following procedures, also with the support of Deloitte network experts:

- understanding of the main controls put in place by the Directors over the process of carrying out and approving the impairment tests;
- examination of the methods used by the Directors to determine the value in use of the Heating & Ventilation, Smart Gas Metering and

- Smart Water Metering CGUs, analyzing the methods and assumptions used, in preparing, the impairment test;
- analysis of reasonableness of the main assumptions adopted to formulate the expected cash flows also through analysis of sector data and obtaining information from Management;
 - analysis of actual data compared to the original plans to assess the nature of the deviations and the reliability of the business plan preparation process;
 - assessment of the reasonableness of discount rate (WACC) and long-term growth rate (g-rate);
 - verification of the mathematical accuracy of the model used to determine the value in use of the CGUs;
 - verification of the correct determination of the carrying amount of the CGUs;
 - verification of the sensitivity analysis prepared by the Directors in terms of the relevance of the changes considered as well as of the mathematical accuracy;
 - analysis of the adequacy and compliance of the disclosure provided in the financial statements on impairment test with respect to the provisions of IAS 36.

Going concern assessment

Description of the key audit matter

The consolidated financial statements as of December 31, 2024 report a loss of Euro 31,6 million, which includes Euro 7,7 million relating to the partial impairment of goodwill allocated to the CGU Heating & Ventilation and Euro 8,6 million relating to the write-down of the deferred tax assets and foreign withholdings tax credits, equity of Euro 101,4 million and net financial position of Euro 145,9 million.

In 2024, the Group recorded a revenue decrease of 8,2% compared to 2023, with a consequent negative effect on operations results. This trend is mainly attributable to Heating & Ventilation division, which experienced a revenues decrease of 11.7% compared to previous year (in 2023 the reduction compared to 2022 was of 25,8%).

In this context of contraction of the results, in the last part of 2023 the Directors initiated discussions with banks, leading to the signing, on April 23, 2024, of a series of amending agreements for some of the existing financial contracts. The agreements provided for a 24 month extension of the original maturities and the restructuring of the repayment profile, as well as the redefinition of the levels of financial covenants levels, in line with the changed short- and medium-term income and financial prospects of the Group. These agreements were based on a business plan prepared with reference to the 2024-2027 period.

Following the signing of the aforementioned agreements, starting from the second half of the year 2024, the market performance was lower than expected.

During the first months of 2025, Management consequently updated the Group's Business Plan for the period 2025 – 2029 (the "Plan"), which was approved by the Board of Directors on March 21, 2025 and subjected to an Independent Business Review by an independent expert.

The Business Plan presents objectives, in terms of revenues and therefore results, lower than the previous plan and demonstrates the ability of the Group to meet its the financial commitments and to comply with the financial covenants in the next years.

The Directors, therefore, also considering the related analyses of the monthly cash flows for the years 2025 and 2026, concluded that the use of going concern assumption is appropriate in the preparation of the financial statements as of December 31, 2024.

Given the contraction of Group's results in recent years, the adverse dynamics of the main market and the relevance of the related potential impacts on the assessment of the appropriateness of the going concern assumption, we considered this assessment a key audit matter of the Group financial statements.

The "Going Concern" paragraph in the explanatory notes contains the information provided by Directors on the appropriateness of the going concern assumption in the preparation of the financial statements considering the uncertainties associated with achieving the objectives set out in the Business Plan.

Audit procedures performed

As part of our audit, among other things, we performed the following procedures:

- understanding of the analyses conducted by Directors regarding the assessment of the appropriateness of the going concern assumption;
- examination of the agreements signed with banks on April 23, 2024;
- Examination of the new 2025-2029 Group's business plan and of the monthly cash flows prepared by Directors based on the business plan for the years 2025 and 2026 and analysis of the reasonableness of the related assumptions, also through the review of the Independent Business Review prepared by an independent expert appointed by the Company;
- Examination of the sensitivity analyses prepared by Directors based on the monthly cash flows;
- Meetings and discussion with Management and the Statutory Auditors of SIT S.p.A. on the relevant elements of the Directors' going concern assessment;
- Review of the minutes of the corporate bodies of SIT S.p.A.;

- Analysis of the subsequent events that may have an impact on the going concern assessment;
- Examination of the adequacy of the disclosures reported in the consolidated financial statements related to the going concern assumption.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union [and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05][and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15], and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SIT S.p.A. has appointed us on April 26, 2018 as auditors of the Company for the years from December 31, 2018 to December 31, 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of SIT S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of SIT S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of SIT Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;
- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of SIT Group as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padova, Italy
April 30, 2025

As disclosed by the Directors on page 311, the accompanying consolidated financial statements of SIT S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

COMPANY'S FINANCIAL STATEMENTS AT
DECEMBER 31, 2024

FINANCIAL STATEMENTS

BALANCE SHEET

(in Euro)	Note	December 31, 24	December 31, 23
Goodwill	1	48,715,912	68,087,912
Other intangible assets	1	20,977,410	17,949,130
Property, plant and equipment	2	64,732,676	72,177,652
Investments	3	82,487,529	78,818,285
Non-current financial assets	4	27,106,505	28,565,187
Deferred tax assets	18	4,914,139	9,469,633
Non-current assets		248,934,171	275,067,799
Inventories	5	26,650,581	26,144,918
Trade receivables	6	63,077,426	56,800,524
Other current assets	7	2,231,252	5,419,226
Tax receivables	8	99,498	873,674
Other current assets	9	15,571,801	22,632,514
Cash and Cash Equivalents	10	6,275,548	2,791,705
Current assets		113,906,106	114,662,561
Total assets		362,840,277	389,730,360
Share capital	11	96,162,195	96,162,195
Total Reserves	12	37,797,849	69,111,020
Net Profit		(38,662,289)	(29,318,833)
Shareholders' Equity		95,297,755	135,954,382
Medium/long-term loans and borrowings	13	76,609,704	58,182,032
Other non-current financial liabilities and derivative financial instruments	14	50,257,414	44,911,690
Provisions for risks and charges	15	2,542,277	2,098,080
Post-employment benefit provision	16	3,456,815	4,121,519
Other non-current liabilities	17	223,942	0
Deferred tax liabilities	18	4,720,611	5,816,989
Non-current liabilities		137,810,763	115,130,310
Short-term loans and borrowings	19	18,894,142	46,134,530
Other current financial liabilities and derivative financial instruments	20	37,333,081	23,390,368
Trade payables	21	63,835,710	57,601,639
Other current liabilities	22	9,668,826	11,519,131
Current liabilities		129,731,759	138,645,668
Total Liabilities		267,542,522	253,775,978
Total Shareholders' Equity and Liabilities		362,840,277	389,730,360

STATEMENT OF INCOME

(in Euro)	Note	2024	2023
Revenues from sales and services	23	209,056,906	234,556,593
Raw materials, ancillaries, consumables and goods	24	130,342,982	148,554,731
Change in inventories	24	2,811,613	3,522,027
Service costs	25	30,197,189	34,524,285
Personnel expense	26	39,607,696	44,588,120
Depreciation, amortisation and write-downs	27	35,439,217	33,717,935
Provisions for risks	28	122,300	406,934
Other charges (income)	29	2,588,717	(295,407)
EBIT		(32,052,808)	(30,462,032)
Investment income/(charges)	30	8,800,000	-
Financial income	31	2,769,469	3,720,686
Financial charges	32	(10,745,532)	(7,921,630)
Net exchange gains (losses)	33	(207,892)	(56,013)
Impairments on financial assets		-	-
Profit before taxes		(31,436,763)	(34,718,989)
Income taxes	34	7,225,526	(5,400,157)
Net Profit		(38,662,289)	(29,318,833)

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	2024	2023
Net Profit	(38,662,289)	(29,318,833)
Other comprehensive income statement items which may be subsequently reclassified to the profit/(loss) for the year, net of taxes:		
Change in Cash Flow Hedge reserve	(2,344,410)	(2,639,503)
Income taxes	562,658	633,481
Taxes (rate adjustment)	-	-
Total other comprehensive income statement items which may be subsequently reclassified to the profit/(loss) for the year, net of taxes	(1,781,752)	(2,006,023)
Other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes:		
Unrealised actuarial gains	(23,993)	12,839
Income taxes	5,758	(3,081)
Total other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes	(18,234)	9,757
Total other comprehensive income/(expense) for the year, net of taxes:	(1,799,986)	(1,996,265)
Total comprehensive income/(expense)	(40,462,275)	(31,315,098)

STATEMENT OF CASH FLOW

(Euro)	Note	2024	2023
Net profit		(38,662,289)	(29,318,833)
Amortisation, depreciation & write-downs	27	35,439,217	33,717,935
Non-cash adjustments		282,694	930,267
Income taxes	34	7,225,526	(5,400,157)
Net financial charges	31 - 32	7,976,063	4,200,945
(Dividends)	30	(8,800,000)	-
CASH FLOW FROM CURRENT ACTIVITIES (A)		3,461,212	4,130,157
Changes in assets and liabilities:			
Inventories	5	(1,713,291)	4,164,620
Trade receivables	6	(6,276,903)	15,228,485
Trade payables	21	6,634,071	(16,437,897)
Other assets and liabilities		(1,663,441)	(1,596,015)
Income taxes paid		-	(143,602)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)		(3,019,564)	1,215,592
CASH FLOW FROM OPERATING ACTIVITIES (A + B)		441,648	5,345,749
Investing activities:			
Investments in property, plant & equipment		(7,927,784)	(13,391,927)
Other changes in property, plant & equipment		3,004,200	1,025,694
Investments in intangible assets	1	(6,548,168)	(2,699,913)
Other changes in intangible assets		8,518	-
Investment in financial assets		(2,080,000)	(152,000)
Other cash flows from current financial assets		-	500,035
Investments in non-current financial assets		(1,244)	(797,087)
CASH FLOW FROM INVESTING ACTIVITIES (C)		(13,544,478)	(15,515,198)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)		(13,102,830)	(10,169,449)
Financing activities:			
Interest paid		(4,558,320)	(4,472,015)
Repayment of non-current financial payables	13 - 14	(11,693,230)	(14,874,220)
Increase (decrease) in short-term bank payables		(1,315,702)	9,433,277
New loans	13 - 14	2,882,825	10,180,830
Parent company financing		5,000,000	-
(Increase)/decrease in loans to subsidiaries		5,148,193	3,459,053
Change in current accounts with subsidiaries		13,500,153	(1,349,601)
(Increase)/decrease in other financial payables		(1,177,246)	(1,742,026)
Dividends received		8,800,000	-
CASH FLOW FROM FINANCING ACTIVITIES (D)		16,586,672,96	635,298,08
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)		3,483,843	(9,534,151)
Cash & cash equivalents at beginning of the year		2,791,705	12,325,856
Increase (decrease) in cash and cash equivalents		3,483,843	(9,534,151)
Cash & cash equivalents at end of the year		6,275,548	2,791,705

STATEMENT OF CHANGES IN EQUITY

(Euro)	OTHER RESERVES												Net profit (loss)	Shareholders' Equity	Cash Flow Hedge reserve
	Share capital	Share premium reserve	Legal reserve	Share capital increase	Treasury shares reserve	FTA reserve	Currency differences reserve	Cash Flow Hedge reserve	Actuarial reserve	Extra, reserve	L,T,I, reserve	Total other reserve			
IFRS standards															
December 31, 2022	96,162,195	10,359,557	19,232,439	16,615,618	(6,732,904)	596,247	657,757	4,212,764	(78,854)	9,812,855	1,027,348	14,974,112	-	14,385,360	166,250,383
Allocation of 2022 Result	-	-	-	-	-	(31,681)	(496,579)	-	-	14,913,620	-	14,913,620	-	(14,385,360)	-
2023 Result	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,318,833)	(29,318,833)
Other comprehensive profits (losses):															
Cash flow hedges	-	-	-	-	-	-	-	(2,006,023)	-	-	-	(2,006,023)	-	-	(2,006,023)
Adjustment post-em, bens,	-	-	-	-	-	-	-	-	9,757	-	-	9,757	-	-	9,757
Comprehensive profit/(loss)	-	-	-	-	-	-	-	(2,006,023)	9,757	-	-	(1,996,265)	-	(29,318,833)	(31,315,098)
Employee L.T.I. movements	-	-	-	-	-	-	-	-	-	-	1,019,097	1,019,097	-	-	1,019,097
December 31, 2023	96,162,195	10,359,557	19,232,439	16,615,618	(6,732,904)	564,566	161,178	2,206,741	(69,097)	24,726,475	2,046,445	28,910,564	-	(29,318,833)	135,954,382
Allocation of 2023 Result	-	-	-	-	-	(564,566)	(161,178)	-	-	(24,726,475)	-	(24,726,475)	(3,866,613)	29,318,833	-
2024 Result	-	-	-	-	-	-	-	-	-	-	-	-	-	(38,662,289)	(38,662,289)
Other comprehensive profits (losses):															
Cash flow hedges	-	-	-	-	-	-	-	(1,781,752)	-	-	-	(1,781,752)	-	-	(1,781,752)
Adjustment post-em, bens,	-	-	-	-	-	-	-	-	(18,234)	-	-	(18,234)	-	-	(18,234)
Comprehensive profit/(loss)	-	-	-	-	-	-	-	(1,781,752)	(18,234)	-	-	(1,799,986)	-	(38,662,289)	(40,462,275)
Employee L.T.I. movements	-	(314,870)	-	-	1,404,991	-	-	-	-	103,281	(1,387,753)	(1,284,472)	-	-	(194,352)
December 31, 2024	96,162,195	10,044,687	19,232,439	16,615,618	(5,327,913)	-	-	424,989	(87,331)	103,281	658,692	1,099,630	(3,866,613)	(38,662,289)	95,297,755

For further details on the breakdown of shareholders' equity, reference should be made to Notes 11 and 12 of the Explanatory Notes.

EXPLANATORY NOTES

GENERAL INFORMATION

SIT S.p.A. (hereinafter, the Parent Company, SIT or the Company), based in Padua and whose shares are listed on the MTA market managed by the Italian Stock Exchange. The company is entered in the Companies Register of Padua at No. 04805520287 with registered office in Viale dell'Industria No. 34, Padua (PD).

The Company develops, manufactures and sells safety, control and comfort systems and high-performance gas equipment, principally for domestic use such as boilers, stoves and water heaters.

These financial statements were approved by the Board of Directors on April 17, 2025 and authorised for publication on the website www.sitgroup.it by April 30, 2025. The financial statements are subject to the approval of the Shareholders' Meeting.

It is noted that on November 28, 2018 trading began of SIT's ordinary shares and warrants on the main index of the Italian Stock Exchange (Mercato Telematico Azionario) ("MTA") organised and managed by Borsa Italiana.

Trading began following communication No. 0485808/18 of November 22, 2018 in which the Stock Market regulator - CONSOB approved the information prospectus and the provisions issued by the Italian Stock Exchange on November 20 and 26, 2018 with which it approved respectively the admission for trading of the shares and of the warrants of the Company and the commencement date of trading.

On 1 April 2024, the Company transferred the business dedicated to ventilation and components for cooker hoods and pellet stoves to the company "Motors & Blowers Technology S.r.l.", which from that date changed its name to SIT Motors & Blowers Technology S.r.l.. (hereinafter also referred to as "SIT MBT S.r.l."). Following this contribution, SIT holds 70% of the company SIT MBT S.r.l..

On 2 July 2024, the Company completed the acquisition of a group of assets from SIT Controls B.V. (Netherlands).

SIT S.p.A. decided that it would apply the option as per Article 70, paragraph 8 and Article 71, paragraph 1-bis of Consob Regulation No. 11971/99 (and thereafter) and, therefore, that it would employ the exemption from publication of a disclosure document concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

BASIS OF PREPARATION

SIT S.p.A. financial statements at December 31, 2024 were prepared in accordance with the international accounting standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements of the company comprise:

- the balance sheet classified by current and non-current assets and liabilities based on their realisation or settlement within the normal operating cycle, not more than 12 months subsequent to the reporting date;
- the statement of income which classifies costs and revenues by type, which is considered more representative than a breakdown by operating segment; The presentation reflects the internal reporting systems of the Group's business;
- the statement of comprehensive income;
- the statement of cash flow drawn up according to the indirect method;

- the statement of changes in equity;
- corresponding explanatory Notes containing the disclosure required by applicable legislation and by the reference international accounting standards.

The financial statements have been prepared based on the historical cost principle, except for derivative financial instruments which have been recognised at fair value.

The Company's financial statements are denominated in Euro, the company's functional currency in accordance with Article 5, paragraph 2 of Legislative Decree No. 38 of February 28, 2005 and in compliance with IAS 1.

The accounting standards and policies applied for the preparation of the Company's financial statements at December 31, 2024 are the same as those adopted for the separate financial statements at December 31, 2023.

The Company's financial statements were audited by the company Deloitte & Touche S.p.A..

Going concern

In 2024, the Group recorded a 8.2% reduction in consolidated revenues compared to 2023, with consequent effects on yearly result.

While the Metering sector as a whole marks a trend in line with the previous year, the decrease in revenues is attributable to the Heating & Ventilation business, which recorded a reduction of 11.7% compared to 2023, a year that in turn had recorded a reduction of 25.8% compared to 2022.

The sector is clearly in a phase of discontinuity respect to the past, influenced by exogenous factors and regulatory changes in the energy transition context.

In fact, the market in the present and previous year was influenced by the reduction of incentives that in past years had supported the sector throughout Europe and which had led to a significant distortion compared to the normal dynamics of demand, with an anticipation of the replacement of appliances that otherwise would have had a longer life cycle. There has also been great uncertainty about the evolution of the legislation on technological transition - in particular in the definition of the phase-out times of gas appliances and in the energy efficiency requirements of homes provided for by the EPBD (Energy Performance Building Directive) - which has led to a suspension of purchasing decisions by consumers. Finally, the reduction in household spending power as a result of persistent inflation and economic and geopolitical uncertainties, which negatively impacted many industrial sectors, also affected demand.

In this context, in the face of a sudden drop in turnover and the expected impossibility of meeting all financial commitments, in the latter part of 2023 the Directors had initiated discussions with the banking sector, which led to the signing in April 2024 of a series of agreements amending certain loan relationships, agreeing on a 24-month extension of the original maturities and the remodulation of the repayment profile with maintenance of the current interim periods, as well as the redefinition of the levels of financial covenants, in line with the Group's changed income and financial prospects in the short and medium term. These agreements were based on a business plan drawn up with reference to the Group and the 2024-2027 time horizon, subject to an Independent Business Review by an independent expert.

The agreement also provided for the disbursement to SIT of a loan by the majority shareholder of Euro 5 million, interest-bearing, with capitalization of the related financial charges, whose reimbursement is subordinated to the bank financial debt.

Following the signing of the aforementioned agreements, starting from the second half of the year, a market performance was lower than expected and the economic and financial forecasts formulated by the Group when updating its annual budget and reflected in the business plan. In response to these indications, the Group continued to operate on the efficiency measures already envisaged – such as the closure of production activities at the Dutch plant and policies to reduce the level of warehouse stocks – and activated a series of additional actions aimed to adapt activities to the new market context. These actions include the reduction of the indirect organisational structure both in the plants and at the headquarters, the reduction of discretionary expenses and the reduction of investments that were thus focused mainly on research and development initiatives on new products.

The 2024 financial year, although presenting lower results than originally expected and compared to the previous year, was nevertheless carried out regularly and all the Group's financial commitments defined in the April 2024 agreements were respected. Although the above-mentioned expense containment actions have made it possible to reduce the impact of lower revenues on the net result, it was still necessary to revise the forecasts for the coming years.

The 2025 Budget, approved by the Board of Directors on 4 February 2025, envisages a recovery in revenues, with " *single digit*" growth compared to 2024, mainly linked to the recovery of the American market in the fireplace sector, the signing of a new multi-year contract in the UK in the Gas Metering sector and the launch of the new Smartio product in the Water Metering sector.

The 2025 Budget also envisages a recovery in the operating result, thanks to the carry over effects of the actions mentioned above, and implemented in the last part of 2024, and the implementation of further actions to improve the efficiency of the organisational structure, planned during the year, which will allow greater flexibility and better operating leverage. The Budget projections confirm, also in the monthly details, compliance with covenants and all financial commitments for the period, albeit with a lower *headroom* in the measurement of covenants for the first half of 2025 than at the end of the 2024 financial year.

During the first months of 2025, the Company also updated its multi-year business plan with reference to the period 2025 – 2029, which was subject to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on 21 March 2025 (hereinafter, the "Plan").

The Plan presents the Group's development guidelines in the changed context, and lower objectives in terms of revenues and therefore results than the previous plan. In particular, in the traditional Heating & Ventilation business, growth forecasts for the European residential market have been updated to take into account the 2024 trend and also the new forecasts for sales of electric heat pumps, which represent one of the main technological threats as an alternative product to gas boilers and whose sharp slowdown in 2024, due to performance and high management costs, has caused medium-long term projections to be revised sharply downwards.

The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected in the fireplaces applications where the Group holds a high market share, and a return to the water heating sector, with the production of a new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for kitchen hoods and CMV - Controlled Mechanical Ventilation.

The development lines of the Metering segments, both Smart Gas Metering and Water Metering, are defined and based on the important investments that utilities in the sector are planning and making for the digitization and modernization of distribution networks.

The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates.

The main growth assumptions assumed by the Group were analysed, verifying the assumptions and actions underway or envisaged in the Plan to support revenue forecasts.

Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some *sensitivities* on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider a slowdown or a distribution over more diluted horizons in some segments/markets. The implications deriving from the introduction of tariffs on exports to the US from Mexico – the Group's main exposure – were also considered through some scenario simulations that also take into account the location of competitors and therefore the possibility of *pass-through* of the impact to customers. The set of *sensitivities* performed on the Plan and the simulations developed on the possible impact of the duties provide elements that suggest that the underlying assumptions and the results of the Plan are reasonable.

The Directors point out, however, that the Plan is based on a set of assumptions, which also include assumptions relating to future events that could not necessarily occur in the timing and manner envisaged.

In this regard, it should be noted that the Plan, the related *sensitivities* and the scenario simulations on tariffs do not take into account any effects, currently unforeseeable, on the macroeconomic context and therefore on demand that could result from a reduction in global economic growth due to the generalized introduction of duties by the US Administration, announced at the beginning of April 2025 and then suspended for a period of three months. As highlighted above, the simulations that have been carried out refer to the direct impacts that could derive from the introduction of duties on exports from Mexico, the main country from which the Group exports its products to the United States, specifying that, at the moment, the timing and methods of application of duties on imports from Mexico have not yet been defined by the US Administration.

With reference to shorter-term planning, the financial years 2025 and 2026 were the subject of monthly financial planning, incorporating the details used for the preparation of the 2025 Budget and projecting the seasonality trend typical of the sector and the effect of the actions envisaged in the Plan onto 2026. This makes it possible to intercept the monthly dynamics of the cash profile in relation to operational commitments, both ordinary and non-recurring, and financial.

This cash profile planning has been subject to a series of *sensitivities* on some key hypotheses - such as the reduction in turnover, the worsening of margins and the absorption of the direct impact that US duties could have on the Group's sales - aimed at quantifying the margins of flexibility and manoeuvre with respect to the existing credit lines and with respect to the contractual covenants contained in the loan agreements.

The Directors then assessed the uncertainty profiles related to (i) the achievement of the objectives set out in the Plan, including revenue growth targets, (ii) the realisation of the assumptions underlying the cash plan for the next 12 months and (iii) compliance with financial covenants. In consideration of the

performance of the first months of the current year, the forecasts made, the actions that may be taken in liquidity management, as well as the contractual mechanisms envisaged with reference to the measurement of *covenants*, the Directors believe that the Group will be able to meet its obligations in the foreseeable future and have therefore deemed it appropriate to use the going concern assumption in the preparation of the consolidated financial statements as at 31 December 2024.

IFRS Accounting Standards, Amendments and Interpretations applied from January 1, 2024

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2024:

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current e Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants.

The two amendments, published by the IASB on January 23, 2020 and October 31, 2022 respectively, aim to clarify how to classify short-term or long-term debts and other liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no effect on the Company's Financial statements, the information on "Liquidity risk" was extended in order to provide all the information required by these two amendments.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

On September 22, 2022, IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the lessee-seller to assess the lease liability arising from a sale and leaseback transaction so as not to recognise a gain or loss that relates to the retained right of use. The adoption of these amendments had no effect on the Company's Financial Statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The document requires an entity to provide additional information about reverse factoring arrangements that enables users of financial statements to assess how financial arrangements with suppliers may affect an entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The adoption of these amendments had no effect on the Company's financial statement .

Accounting standards, amendments and IFRS interpretations approved by the European Union as of December 31, 2024, not yet mandatory and not adopted in advance by the Company as of December 31, 2024

As of the reference date of this document, the competent bodies of the European Union have still completed the approval process necessary for the adoption of the amendments and principles described below, but these standards are not necessarily applicable and have not been adopted in advance by the Company as of 31 December 2024:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On August 15, 2023, IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a methodology consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The change will apply from January 1, 2025, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Company's Financial Statement.

Accounting standards, amendments and interpretations of IFRS not yet adopted by the European Union

As of the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

The document clarifies some problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:

- clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the assessment of the SPPI test;
- determine that the date on which the liability is settled by electronic payment systems is the date on which the liability is settled. However, an entity is allowed to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with regard in particular to investments in equity instruments designated as FVOCI.

The amendments will apply from the financial statements for the years beginning on or after 1 January 2026. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

Annual Improvements Volume 11

On 18 July 2024 IASB published a document called "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The modified principles are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and the related guidelines on the implementation of IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements and
- IAS 7 Statement of Cash Flows.

The changes will apply from 1 January 2026, but early application is permitted. The directors are currently evaluating the possible effects of the introduction of these amendments on the Company's financial statements.

Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7

On 18 December 2024, IASB published an amendment called "Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7". The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as Power Purchase Agreements). Under these contracts, the amount of electricity generated and purchased may vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification regarding the application of the "own use" requirements to this type of contract;
- criteria to allow the accounting of such contracts as hedging instruments, and
- new disclosure requirements to allow users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

The change will apply from 1 January 2026, but early application is permitted. The directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, IASB published a new IFRS 18 standard Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the main financial statements and introduces important changes with reference to the income statement. In particular, the new standard requires to:

- Classify revenues and expenses into three new categories (operating section, investment section and financial section), in addition to the categories taxes and discontinued operations already present in the income statement;
- Introduce two new sub-totals, operating income and earnings before interest and taxes (i.e. EBIT).

The new standard also:

- Requests more information on the performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information, and

- introduces some changes to the cash flow statement format, including the requirement to use the operating result as a starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some currently existing items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will come into force from January 1, 2027, but early application is allowed. The directors are currently assessing the possible effects of the introduction of this new standard on the Company's financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On May 9, 2024, IASB published a new standard *IFRS 19 "Subsidiaries without Public Accountability: Disclosure"*. The new standard introduces some simplifications with reference to the disclosures required by the other IAS-IFRS standards. This principle can be applied by an entity that meets the following main criteria:

- It has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
- It has its own parent company that prepares consolidated financial statements in accordance with IFRS

The new standard will come into force from 1 January 2027, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Company's financial statements.

IFRS 14 – Regulatory Deferral Accounts

On 30 January 2014, IASB published the standard IFRS 14 – Regulatory Deferral Accounts that allows only those who adopt IFRS for the first time to continue to recognize amounts relating to activities subject to regulated rates ("Rate Regulation Activities") according to the previous accounting standards adopted. Since the Company is not a first-time adopter, this principle is not applicable.

DISCRETIONAL VALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements and Explanatory Notes in application of international accounting standards (IAS/IFRS) requires Directors to make estimates and assumptions which, in certain circumstances, are based on historic data and may affect the values expressed in the financial statements. Assumptions deriving from estimates are revised periodically and the relative effects are reflected in the income statement in the period in which they occur.

The principal assumptions utilised in the estimation processes and the sources of uncertainty, for which significant adjustments to the carrying amount of the assets and liabilities may emerge in the future, are summarised below.

Doubtful debt provision

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost and market value, applying the weighted average cost criterion in determining the cost. The valuation of inventories includes direct material and labor costs and indirect costs (variable and fixed). Provisions for impairment losses are calculated for materials and finished products, considered obsolete or slow-moving, taking into account their expected future use and their realisable value.

Impairment of non-financial assets

The Company reviews, at each year-end, if indicators highlight a long-term impairment for all of the non-financial assets. If there is an impairment loss, the accounting value is aligned to its recoverable amount. Goodwill and the other intangible assets with indefinite useful life annually undergo an impairment test. The recoverable value of non-current assets is normally based on the value in use, considering the present value of expected financial cash flows from continuous use of the asset. The review therefore involves also the choice of an adequate discounting rate for the calculation of the present value of expected cash flows. Any change in the main estimates and assumptions made when preparing the plan and, therefore, the impairment test, could affect value in use and the result that is actually reached in relation to the realisable amount of the assets recognised.

Refer to Note 1 of these Explanatory Notes regarding the sensitivity analyses performed.

Development costs

Development costs are capitalised in accordance with the accounting policy outlined in the section below. The initial capitalisation of costs is strictly related to the project's technical and economic feasibility opinion. The Directors are therefore required to draw up the assumptions relating to the expected future cash flows from the assets, the discount rate to be applied and the periods of the expected benefits. Further details are reported at Note 1.

Deferred tax assets

Deferred tax assets are recognised in accordance with IAS 12. A discretionary valuation is required by the Directors to establish the amount of the deferred tax assets which may be recorded. They must estimate the probable timeframe and amount of future assessable income, in addition to a planning strategy for future taxes. The carrying amount of deferred tax assets is reported at Note 18.

Provisions for risks and charges

The Directors make estimates regarding other risks and charges. In particular, against the various disputes involving the Company, the Directors have made estimates and assumptions in determining the level of probability of a liability arising within the Company and, where the risk is considered probable, in determining the amount of the provision against the risks identified. Further details are reported at Note 15.

Guarantee provisions

The Company makes provisions for the expected cost of product guarantees. Management establishes these provisions based on historic information concerning the frequency and the average cost of guarantees.

Share-based payments

Estimating the fair value of the share-based payments requires the utilisation of the most appropriate valuation model, based on the terms and conditions on which these instruments were granted. Also required to be identified are the data used in the valuation technique amongst which the assumed estimated exercise period of the options, volatility and share return.

For cash-settled share-based payments, the liability must be remeasured at the end of each reporting period and up to the settlement date, recognising any change in fair value in the income statement. This requires a review of the estimates used at the end of each reporting period.

The assumptions for estimating the fair value of share-based payments are presented in Note 36.

IFRS 16 - Estimation of the marginal lending rate

In order to determine the implied contract interest rate, the Company uses the marginal interest rate, i.e. the interest rate which the lessee should pay for a loan with similar duration and guarantees, in order to acquire the leased asset. Where there are no observable data (such as in the case of investees that are not direct counterparties to financial transactions) or when rates must be adjusted to reflect the terms and conditions of the lease (for example, when the lease is not in the investee's functional currency), the Company estimates the rate to be applied using observable data (such as market interest rates) if available, and making specific considerations about the terms and conditions of the investee.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The main accounting policies adopted in the preparation of the Company's financial statements at December 31, 2023 are disclosed below.

Translation of accounts in foreign currencies: transactions and balances

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Exchange rate differences realised or arising on the translation of monetary items are recorded in the income statement, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the comprehensive income statement until the sale of the net investment, and only then is the total amount reclassified to the income statement. The income taxes attributable to the exchange differences on the monetary items are also recorded in the comprehensive income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded.

Fair value measurement

The Company measures financial instruments such as derivatives and warrants at their fair value at each reporting date.

According to applicable accounting standards (IAS/IFRS) "a contract that will be settled through a variable number of the entity's own shares, whose value is equal to a fixed amount or an amount based on changes in an underlying variable, is a financial asset or a financial liability. When a financial asset or financial liability is initially recognised, an entity shall measure it at its Fair Value. The profit (or loss) arising from a change in the Fair Value of a financial asset or financial liability that is not part of a hedging relationship must be recognised to the income statement".

Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date under the following conditions:

- there exists a principal market of the asset or liability and it is accessible for the group;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Company assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

Business combinations and Goodwill

The business combinations, in which the control of a company/entity is acquired, are recorded applying the purchase method, whereby the assets and liabilities acquired are initially measured at their market value at the acquisition date. The difference between the acquisition cost and the Group share of equity is allocated to specific statement of financial position items to the extent of their present value at that date; any residual excess, if positive, is allocated to goodwill and if negative is recognised to the income statement. The acquisition cost is based on the fair value, at the purchase date, of assets sold, of liabilities incurred and of capital instruments issued, and any other accessory charges.

Goodwill represents the surplus of the acquisition cost compared to the purchaser's share of the identifiable fair value of the current and potential assets and liabilities of the entity acquired.

After initial recognition, goodwill is measured at cost less any loss in value. Subsequent to acquisition, goodwill is subject to a recoverability (impairment) analysis conducted annually or at shorter intervals in the case of events or changes occurring that could result in possible impairments. Any goodwill at the acquisition date is allocated to each cash generating unit (hereafter CGU) expected to benefit from the synergies deriving from the combination. Any loss in value is identified by means of valuations based on the ability of each CGU to produce cash flows for the purposes of recovering the part of goodwill allocated, with the methods described in the "impairments" section.

If, at the end of the period in which the combination takes place, the initial accounting for a business combination is incomplete, the provisional amounts of the items whose accounting is incomplete are recognised in the financial statements. During the valuation period, the provisional amounts recognised at the acquisition date are retroactively adjusted to reflect new information obtained regarding facts and circumstances that existed at the acquisition date which, if known, would have affected the valuation of the amounts recognised at that date. The valuation period shall not extend for more than one year from the date of acquisition.

If the recoverable value of the cash generating unit is less than the attributed carrying amount, the loss in value is recorded. This loss is not restated if the elements that generated it no longer exist. Where the goodwill is allocated to a CGU and the Group disposes of a part of the assets of this unit, account must be taken of goodwill for the calculation of the disposal gain or loss.

Research and Development Costs

Research costs are recognised profit or loss in the year in which they are incurred. Development costs incurred in relation to a specific project are only capitalised when the technical feasibility of completing the intangible asset exists to make it available for use or sale, in addition to the ability and intention to use or sell the asset to generate future benefits demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself or a utility to be used internally and the availability of technical, financial and other types of resources suitable to complete the intangible asset's development and use or sale and the ability to reliably measure the cost attributable to its development. Capitalised development costs include only those costs that are directly attributable to development.

Subsequent to the initial recording, the development costs are valued at cost less amortisation or accumulated losses. Any capitalised development costs are amortised in the period in which the expected revenue from the project is generated. The carrying amount of development costs is reviewed annually

to identify any impairment, when the asset is not yet in use, or more frequently if there are indicators of possible impairment. Any impairments identified are recognised to the income statement.

Other intangible assets

Other intangible assets, acquired separately and held by the company, are recognised to assets at acquisition cost where the cost may be reliably established and it is probable that usage will generate future economic benefits. The useful life is valued as indefinite or definite.

Other intangible assets with indefinite useful life are not subject to amortisation and a review is carried out each year to establish whether circumstances supporting their classification as having indefinite useful life exist. In accordance with IAS 36, these assets are subject to impairment tests for any permanent value reductions.

Other intangible assets with definite useful life are recorded at acquisition or production cost, net of the relative accumulated amortisation and any impairments established according to the means indicated in the "Impairments" section below. Amortisation, which begins when the intangible asset is available for use, is calculated on a straight-line basis over the estimated useful life, which is reviewed on an annual basis. Any changes, where necessary, are reflected prospectively.

The rates used for amortisation (by category) are as follows:

Intangible assets with definite useful life	Amortisation rate
Patents	10.00
Licenses	33.33
Brands	5.6 – 10.00
Other deferred costs	20.00 - on the basis of the contractual duration

Property, plant and equipment

Property, plant & equipment are recognised at historic acquisition or production cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired, and recorded net of the relative accumulated depreciation provisions and any cumulative loss in value. If major components of tangible fixed assets have different useful lives, they are accounted for separately.

Financial charges directly attributable to the acquisition or construction of a qualifying asset shall be capitalised as part of the cost of that asset. All other financial charges are recorded in the income statement when incurred.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred.

Depreciation is calculated on a straight-line basis from the moment the asset is available for use according to the estimated useful life of the asset; the useful life is reviewed annually and any changes, where necessary, are applied prospectively.

The depreciation rates applied are as follows:

Property, plant & equipment	Rate %
Buildings	3
Light constructions	10
General plant	10
Specific plant	15,5
Kilns and accessories, production machinery	15
Various equipment and moulds	25,00 – 40,00
Motor and transport vehicles	20,00 – 25,00
Internal transport and lifting machinery	20
Furniture and fittings	12
EDP	20

The carrying amount of tangible fixed assets is tested for impairment when events or changes indicate that the carrying amount can no longer be recovered based on the current depreciation schedules. If there is an indication of this type and in the case where the carrying amount exceeds the realisable value, the assets must be written down to their recoverable value.

The impairments are recognised to the income statement. Such losses are restated when the reasons for their write-down no longer exist.

Upon sale or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Leasing

Finance lease contracts are capitalized under property, plant and equipment starting from the lease start date and measured at the fair value of the leased asset or, if lower, at the present value of the lease payments. A financial debt of the same amount is recognised as liabilities, the value of which is equal to the present value of future rents, discounted at the implied lease interest rate or at the marginal financing rate. This value is progressively reduced on the basis of the repayment plan of the capital portions included in the contractually stipulated rents.

The lease payments are divided between the principal and the interest portion, so that a constant interest rate is applied to the remaining balance of the debt (principal portion). Financial charges are charged to the income statement.

The assets are depreciated over the term of the lease contract.

Leases in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and are recognised as tangible assets under Right of Use from the lease commencement date. The recognised value is equal to the present value of future lease payments, discounted at the implicit interest rate of the lease or the incremental borrowing rate. Lease payments are allocated between principal and interest, ensuring the application of a constant interest rate on the remaining balance of the liability (principal). A financial liability of an equal amount is recognised in the liabilities, which is progressively reduced according to the repayment plan.

Finance charges are expensed to the income statement. The assets are depreciated over the contractual term of the operating lease.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at acquisition or subscription cost, including accessory charges, adjusted for any impairments. Any positive difference, arising on purchase, between the acquisition cost and the fair value of the share of net equity of the investment is included in the carrying value of the investment.

Investments are subject to impairment tests where indicators of such are identified. Where an impairment loss exists, it is recognised through the income statement. Where the share of losses pertaining to the company in the investment exceeds the carrying value of the investment, and the company has an obligation to cover such losses, the investment is written down and the share of further losses is recorded as a provision under liabilities. Where an impairment loss is subsequently reversed, this is recognised through the income statement within the limit of the original recognition value.

Investments in other companies

The investments in other companies are measured at fair value through equity. In such cases, the amounts previously taken to other comprehensive income are not recycled to the income statement upon disposal.

When the fair value cannot be reliably determined, these investments are measured at cost, adjusted for impairment, which is taken to the income statement. If the reasons for the recognition of the impairment loss no longer exist, the previously recognised impairment loss shall be reversed. The amount of the reversal shall be recognised in the income statement.

Impairment of non-financial assets

IAS 36 requires the assessment at each reporting date of impairments to tangible and intangible fixed assets amid indicators that such a loss may exist. In assessing whether there are any indicators that an asset with definite useful life may be impaired, an entity shall consider internal and external information sources. Relating to internal sources, consideration is made of whether there have been significant changes in the use of the asset and whether the economic performance of the asset is different than expected. For external sources, consideration is taken of technological or market or regulation discontinuation which may reduce the value of the asset.

Independently of whether there are internal or external reductions in value, intangible assets with indefinite useful life and goodwill are subject at least annually to an impairment test, as required by IAS 36. In both cases of a verification of the carrying amount of intangible assets with definite useful life or of the carrying amount of intangible assets with indefinite useful life and goodwill, the Group makes an estimate of the recoverable value.

The impairment of goodwill is determined through a valuation of the recoverable value of the cash generating unit (or group of units) to which the goodwill is allocated.

The recoverable value is the higher between the fair value of an asset or a CGU less costs to sell and its value in use and is determined for each asset, except when the asset does not generate cash flows which are sufficiently independent from those generated from other assets or groups of assets; in this case the recoverable value of the cash generating unit to which the asset belongs is estimated. When the carrying amount of an asset or cash-generating unit is higher than its recoverable value, this asset has incurred a

loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted at a rate that reflects the market assessment of the time value of money and the specific risks of the asset.

For the purposes of estimating the value in use, future revenue streams are obtained from the Group's business plans, which constitute the best estimate on the forecast economic conditions over the period of the plan. The long-term growth rate used to estimate the terminal value of the asset or unit is normally lower than the average long-term growth rate for the sector, country or market and, if appropriate, may amount to zero or may even be negative. Future cash flows are estimated taking account of current conditions: the estimates therefore do not consider the benefits deriving from future restructurings for which the Company has not committed or future investments or optimisation of the assets or of the unit. Impairment losses incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.

At each reporting date, an evaluation is made of any indicators of a recovery in the loss in value previously recorded and, where these indicators exist, an estimate is made of the recoverable value. The value of an asset previously written down, except for goodwill, may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. In this case, the carrying amount following a restatement shall not exceed the carrying amount that would have been determined (net of write-downs or amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A restated amount is recorded as income in the income statement, except when the asset is recorded as a revalued amount, in which case the restatement is treated as an increase of the revaluation. After the recording of the amount restated, the depreciation of the asset is adjusted in future years, in order to record the adjusted book value of the asset, net of any residual value, on a straight line basis over the useful life of the asset.

Financial assets

The financial assets are classified as follows:

- financial assets at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

The classification depends on the business model within which the Group holds the financial assets and the characteristics of the contractual cash flows arising from them. The Company classifies financial assets on initial recognition, with subsequent verification at each reporting date. Financial assets are initially measured at fair value, plus accessory costs, for assets not measured at fair value.

Financial assets at amortised cost

Financial assets that meet both of the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

The amortised cost is calculated as the initial value recorded less the repayment of the capital portion, plus or less the accumulated amortisation using the effective interest rate method of any difference between the initial value recorded and the amount at maturity. This calculation includes all the

commissions or points paid between the parties which are an integral part of the effective interest rate, transaction costs and other premiums or discounts. For investments measured at amortised cost, the gains and losses are recognised in the income statement when the investment is eliminated or if there is an impairment, in addition to the amortisation process.

Financial assets at fair value through other comprehensive income

Financial assets that satisfy the following conditions are measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved both through the collection of contractual cash flows and the sale of the financial assets;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

When the financial asset is disposed of, the amounts previously taken to other comprehensive income are recycled to the income statement.

Financial assets at fair value through profit or loss

A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is measured at fair value with changes in value taken to profit or loss in the year in which they occur.

Derecognition of financial assets

A financial asset is eliminated from the financial statements when:

- the right to receive the cash flows of the asset terminate;
- The company retains the right to receive cash flows from the asset, but has a contractual obligation to pay them fully and without delay to a third party;
- The company has transferred its right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset or (ii) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control.

When the Company has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the Financial Statements of the Company up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the company could be required to pay, whichever is less.

Inventories

Raw materials, ancillary and consumables and semi-finished products are measured at the lower of acquisition cost, including accessory charges, and the net realisable market value. The cost of inventories includes purchase costs and other costs incurred in bringing the inventories to their present location and condition, excluding financial charges.

The method utilised for the determination of the cost of inventories is the weighted average cost method for raw materials and consumables and finished products acquired for resale, and from the cost of materials and other direct costs incurred, taking into account the stage of completion of the production process, for the products in work-in-progress/semi-finished and finished products from production.

The net realisable value is represented by the estimated normal sales price less the estimated costs for completion and estimated costs to sell. Obsolete and/or slow-moving inventories are written down in relation to their presumed utilisation or realisable value. Write-downs are restored in future years should the reason for the write-down no longer exist.

Trade receivables and other current assets

Receivables under current assets are recorded initially at fair value, identified as the nominal value. Trade receivables which mature within the normal commercial terms are not discounted since the effect of discounting the related cash flows is deemed immaterial.

Receivables due beyond one year, non-interest bearing or which mature interest below market rates are discounted using market rates. Trade receivables are discounted wherever payment terms are greater than the average payment term granted.

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognised to the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost. In addition to the assessment discussed in the previous paragraph with regard to impairment, the estimated credit losses are complemented by an analysis of expected losses.

Trade payables and other liabilities

Trade payables, which mature within the normal commercial terms, are not discounted and are recognised at cost (identified by their nominal value). They are not discounted as the effect of the discounting of cash flows is insignificant.

Other liabilities included among current and non-current liabilities are substantially recognised at cost, corresponding to the fair value of the liabilities, net of settlement costs which may be associated with the issue of the liability. After initial recognition, the financial liabilities shall be measured at amortised cost using the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

Financial liabilities

The company does not have financial liabilities for trading purposes. All financial liabilities other than derivative instruments are initially recorded at the fair value received net of transaction costs (commissions or loan charges).

Financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled. Where an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

Derivative financial instruments

Derivative financial instruments, as per the company policies approved by the Board of Directors, are exclusively used for hedging purposes, in order to reduce the foreign currency or interest rate risk. In accordance with IFRS 9, financial derivatives may be accounted for under hedge accounting only when, at the beginning of the hedge, the following conditions are met:

- the formal allocation of the hedging instrument exists;
- documentation is available demonstrating the hedging and a high degree of efficacy;
- such efficacy can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated. All derivative financial instruments are measured at fair value, in accordance with IFRS 9.

Derivative financial instruments are initially recognised at Fair Value.

When the hedged derivatives cover the risk of a change in the fair value of the instruments hedged (fair value hedge), these are recorded at fair value through the income statement; therefore, the hedged instruments are adjusted to reflect the changes in fair value associated with the risk covered. Where hedging derivatives relate to cash flow changes of the hedged instruments (Cash flow hedges), the changes to the fair value are recognised as a comprehensive income statement component.

If the derivative instruments do not qualify as accounting hedges, the changes in the fair values are directly recorded to the income statement.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase price and the payment received, in the case of reissue, is recorded in the share premium reserve.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a defined nature and of certain or probable existence whose amount or date of occurrence are uncertain at the reporting date. The provisions for risks and charges are recorded when a legal or implicit current obligation exists that derives from a past event and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated.

Where the expected use of resources extends beyond the subsequent year, the obligation is recognised at the present value established through discounting the expected future cash flows at a rate which takes into account the cost of money and the risk of the liability.

For the risks for which the recognition of a liability is considered possible, relative disclosure is made and no provision is recorded.

Post-employment benefit provision

Post-employment benefits issued at the time of or subsequent to employment are divided between defined contribution plans and defined benefit plans. For the defined contribution plans, the legal or implied obligation of an enterprise is limited to the amount of contributions to be paid. For the defined benefit plans, the obligation of the entity concerns the granting and assurance of the agreed employee plans: consequently, the actuarial and investment risks are borne by the company.

Until December 31, 2006, the Post-employment benefits were classified as “defined benefit” type plans, with independent actuaries utilising the unitary projection method for valuing the receivable. This calculation involves an estimate of the amount of the benefit to be received by an employee at the expected employment conclusion date, utilising demographic assumptions (e.g. mortality rates and personnel rotation rates) and financial assumptions (e.g. the discount rate and future salary increase rates). This amount is discounted and reportioned on the basis of the years of services matured compared to the total years of service.

Following the reform introduced through Law No. 296 of December 27, 2006, the Post-employment benefit, for the portion matured from January 1, 2007, was substantially considered as classifiable as a “defined contribution plan”. In particular, these amendments introduced the option for the worker to choose the allocation of their maturing Post-employment benefit as follows: new Post-employment benefits accruing may, in companies with more than 50 employees, be channelled by the worker to pre-chosen pension forms or transferred to the INPS Treasury Fund.

In relation to the presentation in the income statement of the various cost items relating to the post-employment benefit it was decided to apply the accounting method permitted by IAS 19 which requires the separate recognition in the income statement of the cost items relating to employment services (classified under personnel expense) and net financial charges (classified under financial items), with recording of the actuarial gains and losses deriving from the measurement each year of the assets and liabilities in the comprehensive income statement. The gains and losses deriving from the actuarial calculation of the defined benefit plans (Post-employment provision) was entirely recorded to the comprehensive income statement.

Share-based payments

Equity-settled share-based payment transactions

A number of strategic Group employees receive part of their remuneration in the form of share-based payments, with these employees therefore providing services in exchange for shares (“capital instrument regulated transactions”).

The cost of the equity-based transactions is determined by the fair value at the assignment date utilising an appropriate valuation method, as illustrated in greater detail at Note 36.

This cost, together with the corresponding increase in shareholders' equity, is recorded under personnel expense over the period in which the performance and/or service conditions are satisfied. The cumulative costs relating to these operations at each balance sheet date until the maturity date are compared to the maturity date and to the best estimates available of the number of participating instruments which will effectively mature. The cost or revenue recorded in the income statement for the year represents the change of the cumulative cost recorded at the beginning and at the end of the year.

The service or performance conditions are not taken into consideration when the fair value of the plan is defined at the assignment date. However, the probability of these conditions being met is considered in estimating the number of equity instruments that will vest. The service conditions are reflected in the fair value at the assignment date. Any other condition related to the plan, which is not a service obligation, is not considered as a maturation condition. The non-maturation conditions are reflected in the fair value of the plan and result in the immediate recording of the plan cost, unless there are also service or performance conditions.

No cost is recorded for the rights which do not mature as the performance and/or service conditions are not satisfied. When the rights include a market condition or a non-maturation condition, these are treated as if they independently mature from the fact that the market conditions or the other non-maturation conditions to which they are subject are complied with or otherwise, provided that all the other performance and/or service conditions are satisfied.

If the conditions of the plan are modified, the minimum cost to be recorded is the fair value at the allocation date in the absence of changes to the plan, in the presumption that the original conditions of the plan were satisfied. In addition, a cost will be recorded for all changes which result in an increase in the total fair value of the payment plan, or which is in any case favourable for employees; this cost is measured with reference to the date of the change. When a plan is cancelled by the entity or by the counterparty, any remaining element of the fair value of the plan is expensed immediately in the income statement.

Revenue recognition

Core business revenues refer to sales of safety, comfort and high performance systems for gas equipment. These revenues – in addition to those from the provision by SIT S.p.A., as parent company, of services relating to strategic guidance, oversight and coordination of group companies – include a single performance obligation relating to the sale of the product or the provision of a service, which does not include ancillary services or products that might qualify as separate performance obligations under the Standard.

Sales are recognised at the fair value of the consideration received for the sale of products and services, when the following conditions are met:

- control over the promised goods or services is transferred;
- it is probable that the economic benefits associated with the sale will flow to the enterprise and they may be determined reliably;
- the costs incurred, or to be incurred, have been reliably measured.

They are recorded net of returns, discounts, rebates and taxes directly associated with the sale of the product or the provision of the service. When defining the amount of the variable consideration that may

be included in the transaction price, at each reporting date the company calculates the amount of the variable consideration that still cannot be regarded as earned.

The terms of sales warranties are in line with the law and/or consistent with commercial practice in the sector. The company therefore accounts for warranties in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Dividends

Dividends are recognised when the right of the company to receive payment arises, typically when the Shareholders' Meeting approves distribution.

Financial income and charges

This includes all the accounts of a financial nature recorded in the income statement in the period, including interest expense matured on financial debt (mainly on bank overdrafts, medium/long-term loans), the changes in the fair value of financial liabilities (Performance Shares and Warrants), the currency gains and losses, gains and losses from derivative financial instruments (in accordance with the accounting criteria previously defined) and the interest expense deriving from the accounting treatment of the employee provisions (IAS 19).

Interest income and charges are recorded in the income statement in the period when incurred/matured.

Current income taxes

Income taxes include all the taxes calculated on the assessable income of the Company. They are recognised to the income statement, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognised directly in equity.

Tax receivables and payables for the year are valued at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those in force at the reporting date.

Deferred tax liabilities

Deferred tax assets/liabilities are calculated on all temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

Deferred tax liabilities are recorded on all temporary assessable differences, with the following exceptions:

- when the deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognised on all temporary deductible differences, credits and unused fiscal losses carried forward, to the extent of the probable existence of adequate future tax profits, that can justify the use of the temporary deductible differences, credits and fiscal losses carried forward, with the following exceptions:

- when the deferred tax assets related to the temporary deductible differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

Deferred tax assets are recorded when their recovery is considered probable, based on expected availability of future taxable income for recovery. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be generated in the future for the utilisation of all or part of the asset. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the taxable income is sufficient to permit such deferred tax assets to be recovered.

Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the liabilities are paid, considering the rates in force and those already issued or substantially issued as of the reporting date of the financial statements.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, there is a legal right to offset current tax assets and current tax liabilities and if deferred tax assets and liabilities relate to income taxes due to the same tax authority by the same taxpayer or other taxpayers who intend to settle the current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, with reference to each future period in which the assets and liabilities for deferred taxes are expected to be settled or recovered.

Earnings per share and diluted earnings per share

As per IAS 33, as the company belongs to a Group which prepares the consolidated financial statements and therefore provides disclosure upon the earnings per share and the diluted earnings per share in the notes to the consolidated financial statements, the company does not provide disclosure regarding such in the notes to the separate financial statements.

Grants

Grants from public bodies are recorded at fair value when there is a reasonable certainty that the conditions required to obtain them will be satisfied and they will be received.

Grants received against specific assets or development activities whose value is recorded under fixed assets are recognised as a direct reduction of the fixed assets and credited to the Income Statement in relation to the residual depreciation period to which the asset refers. Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognition.

BUSINESS UNIT TRANSFER OPERATION – SIT M.B.T. S.r.l.

As already described in the introduction, with a notarial deed dated March 27, 2024, rep. no. 1838 collection no. 1367, effective date April 1, 2024, the Company transferred the business dedicated to ventilation and components for cooker hoods and pellet stoves to the company "Motors & Blowers Technology S.r.l." which from that date changed its name to SIT Motors & Blowers Technology S.r.l.. (hereinafter also referred to as "SIT MBT S.r.l."). Following this contribution, SIT holds 70% of the company SIT MBT S.r.l.. This transaction cannot be configured as an aggregation pursuant to IFRS 3 as the business was already under the control of SIT S.p.A. before the transfer, so the recognition was carried out in accordance with the provisions for "business combinations under common control". The business complex transferred mainly consisted of (i) production plants and equipment functional to the motor and fan line, (ii) tax credits accrued in capital goods, (iii) inventory of finished products, semi-finished products, raw materials net of the related obsolescence provision, as well as (iv) liabilities to employees and social security and welfare institutions. The effects on the financial statements are as follows:

Balance Sheet Item	Amount before transfer	Amount after transfer
Assets conferred	2.236.886	-
Liabilities conferred	(394.707)	-
Cash settlement	-	(47.222)
Investment in the transferee company (SIT MBT srl)	-	1.889.401

The contribution was accounted for as follows:

- The assets and liabilities of the business unit have been derecognised (eliminated) from the financial statements at their net book value and recorded in the financial statements of the subsidiary SIT MBT S.r.l..
- The counterpart received (equity investment in the transferee) was recognised for an amount equal to the net book value of the assets/liabilities transferred.
- No capital gain or loss has been recognised in the Income Statement, as the value of the investment received corresponds to the net carrying amount of the assets transferred.

The transaction was carried out under the tax neutrality regime provided for by art. 176 of the Italian Income Tax Act (TUIR), resulting in the preservation of the fiscal value of the transferred assets and liabilities.

It should be noted that the Company has undertaken not to transfer, for a period of 5 years, its shareholding in the Company SIT MBT srl to third parties. In addition, the shareholders of SIT MBT s.r.l., on the basis of specific agreements, have the right to exercise reciprocal purchase and sale options upon the occurrence of certain economic results. Specifically, the put option in favour of minority shareholders can be exercised upon reaching a certain threshold of Revenues of the "Cooker Hoods" segment, within 30 days of the approval of the financial statements as at December 31, 2028, or the approval of previous financial statements or upon reaching a certain EBITDA threshold which can always be exercised within 30 days of the approval of the financial statements as at December 31, 2028. The same conditions are provided for the Call option, which can be exercised within 30 days from when the possibility of exercising the Put expires. The call option also provides for the possibility of exercising even if EBITDA has not reached the threshold at the time of approval of the financial statements as at December 31, 2028. There are also further options relating to the change of control and the exit of the two minority shareholders who are also employees ("managers"). The consideration for the first two options and the change of control options is calculated based on a multiple of the EBITDA at the date and adjusted for the purpose of considering the net financial position of the company. These instruments were measured at fair value at the date of contribution and at December 31, 2024; for the purpose of determining their value, the Directors availed themselves of the support of an independent expert who estimated the fair value as of April 1, 2024 and updated the estimate as of December 31, 2024. The instrument to the non-employee third-party shareholder has been measured in accordance with the provisions of IFRS 9, the instruments to shareholders who are also employees have been recognised in accordance with the provisions of IFRS 2 for cash-settled share-based payment instruments.

COMMENTS ON THE MAIN ITEMS OF THE BALANCE SHEET

Non-current assets

Note 1: Goodwill and Other intangible assets

(in Euro)	Balance at Dec. 31, 23	Balance at Jan. 1, 24	Increases	Disposals	Amortisation	Other movements	Write- downs	Balance at Dec. 31, 24
Goodwill	68,087,912	68,087,912	-	-	-	-	(19,372,000)	48,715,912
Development Costs	-	-	-	-	-	-	-	-
Patent rights	4,256,631	4,256,631	219,002	(8,518)	(1,729,614)	55,361	-	2,792,862
Concessions, licences and trademarks	10,480,476	10,480,476	1,300	-	(1,013,611)	-	-	9,468,166
Other intangible assets	646,813	646,813	3,325,706	-	(768,145)	405,051	-	3,609,425
Intangible assets in progress and advances	2,565,209	2,565,209	2,952,290	-	-	(410,543)	-	5,106,956
Total other intangible assets	17,949,130	17,949,130	6,498,298	(8,518)	(3,511,370)	49,870	-	20,977,410
Total goodwill and other intangible assets	86,037,042	86,037,042	6,498,298	(8,518)	(3,511,370)	49,870	(19,372,000)	69,693,322

GOODWILL

These amount to Euro 48,716 thousand at December 31, 2024, it was recorded for Euro 85,088 thousand following the merger by incorporation into SIT S.p.A. of SIT La Precisa S.p.A. and the Italian companies operating in the Heating Division controlled by it, Gasco S.r.l., Imer S.p.A., LN 2 S.r.l., SIT Sensori S.r.l. and Estate S.p.A. in December 2014, as part of a corporate restructuring. During the previous year, a write-down of Euro 17,000 thousand was made in the Company's financial statements following an impairment test on the Heating & Ventilation CGU carried out at June 30, 2023 during the preparation of the Group's half-year financial statements. The outcome of the impairment test on the financial statements as at December 31, 2024 revealed further impairment losses for an amount of Euro 19,372 thousand; please refer to the dedicated section for further details.

PATENTS AND INTELLECTUAL PROPERTY RIGHTS

These include the technical-productive know-how concerning the Heating&Ventilation Division identified and valued, as part of the 2014 merger, for an original amount of Euro 17,114 thousand, to which a portion of the merger deficit was allocated on the basis of an independent expert's estimate. The residual value of technical-productive know-how at December 31, 2024 was Euro 2,013 thousand. The account in addition includes software licenses and new industrial trademark registration costs or those for the registration in new countries of existing industrial trademarks.

Changes in the financial year are mainly related to amortisation.

CONCESSIONS, LICENSES AND TRADEMARKS

The amount of Euro 10,480 thousand mainly concerns the allocation to the brand of an original amount of Euro 19,520 thousand, corresponding to a portion of the merger deficit from the 2014 merger, on the basis of an independent expert's opinion. The residual value of the SIT brand and of the related brands at December 31, 2024 was Euro 9,468 thousand.

Changes in the financial year are mainly related to amortisation.

OTHER INTANGIBLE ASSETS

This account includes other long-term charges which were capitalised. In particular, this principally includes costs incurred for the introduction of the SAP operating system. This project had already been initiated in previous years at SIT La Precisa S.p.A., before its incorporation through the December 2014 merger.

The item also includes non-patented technology identified as part of the acquisition of a set of assets and liabilities from SIT Controls BV (Netherlands), for an amount of Euro 3,020 thousand. At December 31, 2024, the net book value was Euro 2,685 thousand, depreciated over 4 and a half years.

ASSETS IN PROGRESS AND ADVANCES

This item mainly includes increases due the development costs which were capitalized during the year in relation to seven projects, of which 3 new ones, relating to the Heating & Ventilation segment for Euro 4,729 thousand not yet completed at December 31, 2024.

Development costs subject to capitalization are related to internal personnel costs, external consultancy and prototypes.

IMPAIRMENT TEST

As of the 2024 financial statements, the impairment test carried out concerned the net invested capital (CIN) resulting from the financial statements of SIT S.p.A. relating to the Heating & Ventilation division. The value of the CIN (*i.e. carrying amount*), including goodwill and other intangible assets, was compared with its recoverable amount, equal to the value in use determined using the discounted cash flow (DCF) method.

The impairment test was submitted for approval by the Board of Directors on April 17, 2025, following an analysis by the Control, Risk & Sustainability Committee on April 10, 2025.

As highlighted above, the Heating & Ventilation sector is in a phase of discontinuity with respect to the past, influenced by exogenous factors and regulatory changes in the context of the energy transition. In 2024, the Division recorded a reduction in turnover of 11.7% compared to 2023, a year that in turn had recorded a reduction of 25.8% compared to 2022. The market in the present and previous year was in fact influenced by the reduction of incentives that in previous years had supported the sector throughout Europe and which had led to a significant distortion of the normal dynamics of demand. In addition, the uncertainty about the evolution of the legislation on technological transition, which represents one of the main risk factors of climate change to which the Company is subject - in particular in the definition of the phase-out times of gas appliances and in the energy efficiency requirements of homes provided for by the

EPBD (Energy Performance Building Directive) - has in fact led to a suspension of purchasing decisions by consumers. Finally, the reduction in household spending power as a result of persistent inflation and economic and geopolitical uncertainties, which negatively impacted many industrial sectors, also affected demand.

The 2024 financial year recorded lower results than originally expected and compared to the previous year and a revision of the forecasts for the coming years was necessary. During the first months of 2025, on the basis of the 2025 Budget approved on February 4, 2025, the Company updated its multi-year business plan with reference to the period 2025 – 2029, which was subjected to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on March 21, 2025 (hereinafter, the "Plan"). The Plan presents the Group's development guidelines in the changed context, and lower objectives in terms of revenues and therefore results than the previous plan. In particular, the growth forecasts for the European residential market have been updated to take into account the 2024 trend and also the new forecasts regarding the sales of electric heat pumps, which represent one of the main technological threats as an alternative product to gas boilers and whose sharp slowdown in 2024, due to field performance and high operating costs, has caused medium/long-term projections to be revised sharply downwards.

The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected over the period of the Fireplace Components Plan, where the Group holds a high market share, and a return to the water heating sector, with the start of production of a new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for cooker hoods and CMV - Controlled Mechanical Ventilation.

The Company has long considered the possible evolution of demand for its products and solutions and is investing in the redefinition of its business portfolio as a response to the technological transition risks mentioned above.

The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates. The main growth assumptions assumed by the Group were analysed, verifying the assumptions, assumptions and actions underway or envisaged in the Plan to support revenue forecasts. Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some sensitivity analyses on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider a slowdown or a distribution over more diluted horizons in some segments/markets. The implications deriving from the introduction of tariffs on exports to the US from Mexico – the Group's main exposure – were also considered through some scenario simulations that also take into account the location of competitors and therefore the possibility or not of pass-through of the impact on customers.

The set of sensitivities performed on the Plan and the simulations developed on the possible impact of the duties provide elements that suggest that the underlying assumptions and the results of the Plan are reasonable. The Directors point out, however, that the Plan is based on a set of assumptions, which also

include assumptions relating to future events that could not necessarily occur in the time and manner envisaged. The results of the IBR in terms of sensitivity were fully incorporated into the definition of the Plan's cash flows used in carrying out the impairment test, which were also adjusted to incorporate the provisions of IAS 36, in particular excluding the effects relating to the development of a new product segment (commercial heat pumps) and the impacts of the reorganisation envisaged from the first part of the year 2025. Furthermore, any effects deriving from the application of duties by the US Administration were not considered as they were not adjusting events on the Company's financial statements as at December 31, 2024.

It should also be noted that in carrying out impairment activities, the Company relied on the support of a leading independent consulting firm, which analysed the methodology used and the calculations carried out, issuing a favourable opinion on the results that emerged. In carrying out the impairment test, the discount rate ("WACC") was estimated assuming:

- Risk free rate: calculated on the basis of the average value of the 6 months prior to 31.12.2024 of the 10-year government bonds of the main countries where the CGU operates;
- Market equity risk premium: assumed to be 5.50% based on the latest findings of the independent consulting firm Kroll and the latest broker studies;
- Beta unlevered: calculated as the average value of a panel of listed companies deemed comparable to the CGU's business based on weekly observations over a 2-year horizon;
- Additional risk premium: in line with the impairment test carried out in 2023, it was deemed appropriate to include execution risk, confirming 1.5% as the additional premium;
- Reference rate for the calculation of the cost of debt: assumed to be equal to the average, on a half-year basis, of the Euribor interbank rate with a 10-year maturity;
- Estimated spread: calculated based on the average value of the market credit spreads of the panel of comparable companies used to estimate the Beta;
- Financial structure: calculated based on the average value of the financial structures of the panel of comparable companies used to estimate the Beta.

The resulting discount rate (WACC) of 10.20% reflects at the reporting date estimates of the market valuation and the cost of money and takes account of the specific and sector risk.

In calculating the Terminal Value, the average revenues of the last three years of the Plan were taken as a reference, to which the assumed long-term growth rate (g-rate) of 2.1% was applied.

The recoverable amount estimated by the process described is equal to Euro 170,505 thousand and has been compared with the related carrying amount of the CGU's net invested capital, included in the Company's financial statements of SIT S.p.A. as of 31.12.2024, amounting to Euro 189,877 thousand.

Therefore, considering the assumptions described, at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of the Heating & Ventilation CGU was lower than the net carrying amounts and therefore it was decided to recognise an impairment loss and to write down goodwill for an amount of Euro 19,372 thousand. The results obtained were subjected to sensitivity tests in order to find that the result of this evaluation process could change according to reasonable changes in key assumptions such as the discount rate for the discounting of cash flow and the g rate. The following table summarizes this sensitivity.

		WACC		
		10.5%	10.2%	10.0%
g rate	2.3%	(21,097)	(15,898)	(10,358)
g rate	2.1%	(24,324)	(19,372)	(14,106)
g rate	1.8%	(27,364)	(22,638)	(17,623)

Note 2: Property, plant and equipment

The movements in property, plant and equipment in 2024 are summarised below.

(in Euro)	Historical cost at Dec. 31, 23	Accumulated depreciation at Dec. 31, 23	Balance at Dec. 31, 23	"Right-of-use" IFRS16 at Dec. 31, 23	Historical cost at Dec. 31, 24	Acc. Deprec. at Dec 31, 24	Balance at Dec. 31, 24	Of which "Right-of-use" IFRS 16
Land & buildings	38,123,118	(20,060,324)	18,062,794	2,877,045	64,126,274	(21,064,498)	43,061,776	3,066,723
Plant and machinery	117,155,089	(103,561,306)	13,593,783	-	115,769,282	(106,899,267)	8,870,015	-
Industrial and commercial equipment	83,080,304	(76,937,281)	6,143,023	1,136,659	83,166,439	(78,062,068)	5,104,371	955,103
Other assets	10,535,759	(7,040,153)	3,495,606	2,820,781	11,754,131	(7,782,338)	3,971,793	2,054,088
Assets in progress and advances	30,882,447	-	30,882,447	-	3,724,721	-	3,724,721	-
Total property, plant and equipment	279,776,716	(207,599,064)	72,177,652	6,834,485	278,540,848	(213,808,171)	64,732,676	6,075,915

The account includes the effect from the application of IFRS 16 regarding lease contracts in place within the company. For further information, reference should be made to Note 35.

The following tables outline the changes in the historic cost and accumulated depreciation in 2024 by category.

HISTORICAL COST

(in Euro)	Historical cost at Dec. 31, 23	Application IFRS 16	Historical cost Jan 1, 24	Business Unit Transfer	Increases	Disposals	Other movements	Historical cost at Dec. 31, 24	Of which "Right-of-use" IFRS 16
Land & buildings	33,781,677	4,341,441	38,123,118	-	2,846,814	(764,612)	23,920,953	64,126,274	4,262,749
Plant and machinery	117,155,089	-	117,155,089	(2,066,346)	2,567,463	(2,471,878)	584,953	115,769,282	-
Industrial and commercial equipment	80,887,535	2,192,768	83,080,304	(3,065,258)	2,312,703	(1,436,608)	2,275,299	83,166,439	2,039,502
Other assets	4,696,234	5,839,525	10,535,759	(4,683)	1,237,972	(729,812)	714,895	11,754,131	5,704,478
Assets in progress and advances	30,882,447	-	30,882,447	(73,988)	462,234	-	(27,545,971)	3,724,721	-
Total property, plant and equipment	267,402,982	12,373,734	279,776,716	(5,210,275)	9,427,186	(5,402,910)	(49,870)	278,540,848	12,006,729

The increases in the year include the purchases of property, plant and equipment in the year. In particular, acquisitions refer principally to plant, machinery and moulds for the development and manufacturing of new products, in addition to refurbishment and efficiency and production technology improvements.

As regards the "Business Unit Transfer" column, the amounts refer to the production lines that were sold to the company Sit MBT S.r.l. as part of the transfer of the business dedicated to ventilation and components for kitchen hoods and pellet stoves on April 1, 2024. The increases in tangible fixed assets include, mostly under Land and Buildings, the costs incurred by the Company for the renovation of the Headquarters located in Viale dell'Industria, 34 in Padua. The restructuring project of the Headquarters was completed in June 2024, so the increases recorded in previous years were reclassified under Tangible assets under construction in the respective items. Decreases in plant and equipment during the year are attributable for Euro 1,065 thousand to the sale of a production line to subsidiary SIT Manufacturing Suzhou, previously purchased by subsidiary Sit Controls Tunisia, and for Euro 1,379 thousand to the sale of electronic cabinets and equipment purchased by subsidiary Sit Controls BV during the year. The other decreases relating to the sale and disposal of tangible fixed assets, most of which have already been depreciated. Disposals of industrial and commercial equipment largely refer to the sale of obsolete equipment and moulds that are no longer usable. Other movements include investments which at December 31, 2023 were in progress and which in 2024 became fixed assets to be depreciated. "Assets in progress and advances" mainly includes production benches and moulds in the approval phase and awaiting approval to produce from all the company's entities.

ACCUMULATED DEPRECIATION

(in Euro)	Provision at Dec. 31, 23	Application IFRS 16	Provision at Jan 1, 24	Business Unit Transfer	Depreciation	Disposals	Balance at Dec. 31, 24	Of which "Right-of- use" IFRS 16
Acc. Depr. Land and buildings	(18,595,929)	(1,464,396)	(20,060,324)	-	(1,731,679)	727,505	(21,064,498)	(1,196,026)
Acc. Depr. Plant and machinery	(103,561,306)	-	(103,561,306)	1,362,046	(5,117,319)	417,312	(106,899,267)	-
Acc. Depr. Industrial and commercial equipment	(75,881,171)	(1,056,110)	(76,937,281)	2,879,222	(4,523,131)	519,122	(78,062,068)	(1,084,399)
Acc. Depr. Other assets	(4,021,409)	(3,018,744)	(7,040,153)	2,129	(1,183,718)	439,404	(7,782,338)	(3,650,390)
Total accumulated depreciation Property, plant and equipment	(202,059,814)	(5,539,250)	(207,599,064)	4,243,397	(12,555,847)	2,103,342	(213,808,171)	(5,930,814)

The revaluations included in the values of tangible assets recognised to the present Company's financial statements are presented below.

	L.72/83	L.413/91	Merger revaluation 1989	Reval. from 2008 merger	L.2/2009	Total
Land and buildings	504,587	427,918	1,986,325	3,313,100	1,304,735	7,536,665
Plant, machinery & equipment	200,377	-	5,569,926	-	-	5,770,303
Other assets	-	-	54,378	-	-	54,378
Total	704,964	427,918	7,610,629	3,313,100	1,304,735	13,361,347

Property, plant and equipment were depreciated at December 31, 2024 at the following rates:

	Rate
Land & buildings	33.19%
Plant and machinery	92.34%
Industrial and commercial equipment	94.89%
Other assets	68.30%
Leasing	49.40%

Note 3: Investments

The following table reports the movements in 2024 in investments.

	Balance at Dec 31, 23	Increases for the year	Decreases for the year	Other changes	Balance at Dec 31, 24
INVESTMENTS:					
IN SUBSIDIARIES					
SIT Gas Controls Pty Ltd (Australia)	1,271,779	-	-	5,383	1,277,162
SIT Controls U.S.A. Inc. (USA)	4,611,971	-	-	(40,394)	4,571,576
SIT Controls BV - (Netherlands)	35,623,132	-	-	13,184	35,636,316
SIT Controls Deutschland GmbH (Germany)	5,728	-	-	301	6,028
SIT Controls CR, sro (Czech Republic)	3,380	-	-	258	3,638
SIT Romania S.r.l. - (Romania)	2,694,564	-	-	904	2,695,468
SIT Manufacturing (SUZHOU) Co.Ltd (China)	2,643,408	-	-	5,798	2,649,206
Plast Alfin S.A.R.L. (Tunisia)	1,242,958	-	-	2,621	1,245,579
SIT Controls Tunisia S.U.A.R.L. (Tunisia)	70,629	1,500,000	-	(2,303)	1,568,326
SIT Metering S.r.l. (Italy)	30,298,758	-	-	70,151	30,368,909
SIT MBT S.r.l. (Italy)	-	1,889,401	-	-	2,113,343
Total investments in subsidiaries	78,466,307	3,389,401	-	279,843	82,135,552
IN ASSOCIATED COMPANIES					
Hybitat srl	2,000	-	-	-	2,000
Total investments in associated companies	2,000	-	-	-	2,000
IN OTHER COMPANIES					
Consorzio CONAI	146	-	-	-	146
Società Garanzia Marche	129	-	-	-	129
Consorzio regionale garanzia	129	-	-	-	129
Confidi	77	-	-	-	77
Immobiliare Golf Montecchia	28,405	-	-	-	28,405
Fondazione ABO in liquidazione	6,000	-	-	-	6,000
Italmed LLC.	378,025	-	-	-	378,025
Cyrus Intersoft Inc.	365,677	-	-	-	365,677
Infracom S.p.A.	521,420	-	-	-	521,420
Immobiliare Polesana (ex IMER)	1,034	-	-	-	1,034
Upsens srl	299,980	-	-	-	299,980
Fondazione ABO in liq.write-down prov.	(6,000)	-	-	-	(6,000)
Italmed LLC.write-down prov.	(378,025)	-	-	-	(378,025)
Cyrus Intersoft Inc. write-down prov.	(365,677)	-	-	-	(365,677)
Infracom S.p.A. write-down prov.	(501,343)	-	-	-	(501,343)
Total investments in other companies	349,977	-	-	-	349,977
TOTAL INVESTMENTS	78,816,285	3,389,401	-	279,843	82,487,529

The item increases in investments in subsidiaries for the year amounting to Euro 3,389 thousand refers to an increase in the share capital of SIT Controls Tunisia S.u.a.r.l. for the amount of Euro 1,500 thousand and to the subsidiary SIT MBT s.r.l. for the amount of Euro 1,889 thousand relating to the business unit transfer described above. While the item other changes in investments in subsidiaries amounting to Euro 280 thousand refers to the employee incentive plan (L.T.I) for Euro 56 thousand and Euro 224 thousand to the accounting for instruments to shareholders who are also employees of SIT MBT srl. as defined for cash-settled share-based payment instruments by IFRS 2.

The figures for subsidiaries (result and net equity) refer wholly to the financial statements at December 31, 2024, prepared by the respective Boards of Directors and not yet approved.

Company	City or State	Share Capital in euro	Last year profit (loss) in Euro	Shareholders' equity in Euro	Holding in Euro	% Holding	Book value or corresponding receivable	Differential
SIT Gas Controls Pty Ltd (Australia)	Melbourne (Australia)	59,623	212,832	2,866,393	2,866,393	100%	1,277,162	1,589,231
SIT Controls U.S.A. Inc. (USA)	Charlotte (USA)	1,855,809	208,795	2,077,197	2,077,197	100%	4,571,576	(2,494,379)
SIT Controls BV - (Netherlands)	Hoogeveen (Olanda)	46,000	3,928,888	33,780,732	33,780,732	100%	35,636,316	(1,855,584)
SIT Controls Deutschland GmbH (Germany)	Arnsbert (Germania)	51,129	127,600	1,594,286	79,714	5%	6,028	73,686
SIT Controls CR, sro (Czech Republic)	Brno (Rep. Ceca)	41,627	552,856	3,723,048	186,152	5%	3,638	182,515
SIT Romania Srl - Romania	Brasov (Romania)	1,869,198	740,678	15,002,171	12,771,348	85.13%	2,695,468	10,075,880
SIT Manufacturing (SUZHOU) Co.Ltd (China)	Suzhou (Cina)	2,756,137	544,029	2,933,241	2,933,241	100%	2,649,206	284,035
Plast Alfin S.A.R.L. (Tunisia)	Tunis (Tunisia)	10,454	165,567	1,097,637	1,042,755	95%	1,245,579	(202,824)
SIT Controls Tunisia S.U.A.R.L. (Tunisia)	Tunis (Tunisia)	1,561,303	2,057,817	7,000,669	7,000,669	100%	1,568,326	5,432,343
SIT Metering S.r.l. (Italy)	Italia	1,500,000	(1,309,279)	26,965,390	26,965,390	100%	30,368,909	(3,403,519)
SIT Motors & Blowers Technology S.r.l. (Italy)	Italia	1,192,143	(50,184)	3,922,888	2,746,022	70%	1,889,401	856,620
Total							81,911,610	

Following the merger at the end of 2014, on the basis of an independent expert's opinion, part of the positive merger difference was allocated to increase the value of the Investments held.

The deficit at December 31, 2024 of Euro 1,050 thousand is allocated as follows and is unchanged compared to December 31, 2023:

	December 31, 24	December 31, 23
SIT Gas Controls Pty Ltd (Australia)	178,000	178,000
SIT Romania Srl – Romania	872,000	872,000
Total	1,050,000	1,050,000

As a result of this recognition, a temporary assessable difference was generated which required the recognition of deferred taxes; at December 31, 2024, this account amounts to Euro 52 thousand.

In addition, in the financial statements at December 31, 2024, the value of some investments acquired by SIT S.p.A. through the incorporation of SIT La Precisa S.p.A. in December 2014 is inclusive of the allocation of a portion of the positive merger difference from a merger executed in 2008 by SIT La Precisa S.p.A. with the then holding company Findest Technologies S.p.A..

This allocation is broken down as follows:

	December 31, 24
SIT Gas Controls Pty Ltd (Australia)	825,300
SIT Controls U.S.A. Inc. (USA)	4,508,700
SIT Controls BV - (Netherlands)	6,641,600
Total	11,975,600

With regard in particular to the investment in SIT Controls BV ("SIT Controls"), it should be noted that in 2024 the transaction involving the purchase by SIT S.p.A of a group of assets from SIT Controls BV was completed, with the consequent downsizing of its business, which at the balance sheet date is limited to the distribution of certain types of products to local customers as well as to the function of sub-holding as it holds a series of shareholdings in group companies. At the date of the financial statements, the Directors have ascertained that there are no elements (trigger events) that require the performance of an impairment test on the value of the investment. In fact, SIT Controls' shareholders' equity, taking into account the book value of the equity investments held by it valued at equity as of December 31, 2024, is higher than the carrying value of the investment in SIT S.p.A.

With reference to the negative spread of some equity investments, the following should be noted:

- for the investment in SIT Controls USA, it should be noted that an assessment was carried out on the prospects of the investee which highlighted the full recoverability of the differential over the period of the 2025-2029 business plan;
- for the investment in Plast Alfin (Tunisia), a company acquired in 2020, it should be noted that it is recording positive economic results, confirming the favorable outlook and the sustainability of the book value;
- for the investment in SIT Metering srl, a holding company, the valuation took into consideration the Smart Gas Metering and Water Metering CGUs, the operating areas of the investee companies, from which results with positive differentials emerge. The valuation of the investments in SIT Metering has shown a largely adequate coverage of the differential that emerges from the same in SIT S.p.A..

In the light of the analyses carried out, the directors do not believe that there are any impairment losses such as to require a reduction in the carrying amount of the investments.

Note 4: Non-current financial assets

The breakdown of non-current financial assets at December 31, 2024 is as follows:

(in Euro)	December 31, 2024	December 31, 2023
Guarantee deposits	172,539	175,903
Restricted deposit account	0	1,000,000
Receivables from subsidiaries	26,190,541	26,190,541
Derivative financial instruments	13,425	1,048,743
Participatory financial instruments	730,000	150,000
Non-current financial assets	27,106,505	28,565,187

The main accounts are commented upon below.

RESTRICTED DEPOSIT ACCOUNT

In Q4 2020, the Company paid Euro 3,000 thousand on behalf of the subsidiary Sit Metering S.r.l. as a guarantee, as part of the acquisition of the company JANZ Contagem e Gestão de Flúidos SA; in 2021, the counterparty was recognised Euro 374 thousand and the amount of Euro 626 thousand was released, in 2023 a further amount of Euro 500 thousand was released, in accordance with the contractual agreements.

At December 31, 2024, the residual amount was recognised to current financial assets for Euro 1,496 thousand.

RECEIVABLES FROM SUBSIDIARIES

This item refers to the loan granted to the subsidiary SIT Metering S.r.l. for the acquisition of JANZ. During 2022 this loan was extended and repayment is scheduled for a single instalment on conclusion (December 31, 2026). The loan provides for an interest rate parameterized to the 6-month Euribor with the addition of a margin of 130 bps. At December 31, 2024 this rate is 4.972%.

DERIVATIVE FINANCIAL INSTRUMENTS

The item represents the mark-to-market at December 31, 2024 of the interest rate risk hedging derivative contracts entered into against the following bank loans: Senior Financial Agreement 2021 (SFA 2021), hedged for 50% of the residual nominal value of Euro 63,540 thousand; Unicredit loan hedged for 83% of the residual nominal value of Euro 6,000 thousand; Cassa Depositi e Prestiti loan hedged for 61% of the residual nominal value of Euro 12,338 thousand. Please refer to Note No. 13 for further information on the loan agreements.

PARTICIPATORY FINANCIAL INSTRUMENTS

The item, equal to Euro 730 thousand, refers to the equity financial instruments issued by Hybitat S.r.l. and subscribed by the Company. Following the establishment of Hybitat S.r.l., the shareholders Sit S.p.A. and eNovia S.p.A have committed to ensure that in the first 36 months from the date of establishment, the Board of Directors will offer up to 80,000 participatory financial instruments (SFP) for subscription to shareholders (in equal measure) at a price of 100 euro each. These financial instruments give shareholders an option right to subscribe to a capital increase with the aim of implementing the business plan and achieving the related milestones.

At December 31, SIT had subscribed 7,300 SFP for a total value of Euro 730 thousand. It should be noted that SIT has committed (as well as its shareholder eNovia S.p.A.) to subscribe at least 29,000 SFP within 36 months from the date of incorporation (of which 12,000 SFP within 18 months and 17,000 SFP within the following 18 months).

Current assets

Note 5: Inventories

Inventories, presented in the financial statements net of the obsolescence provision, are comprised as follows:

(Euro.000)	December 31, 2024	December 31, 2023
Raw materials, ancillary and consumables	12,668,920	10,928,587
Work-in-progress and semi-finished goods	7,790,754	9,641,803
Finished products and goods	6,125,494	5,557,269
Advances to suppliers	65,413	17,259
Inventories	26,650,581	26,144,918

The movements in the inventory obsolescence provision were as follows:

	December 31, 2024
Obsolescence provision 31/12/2023	2,509,561
Decrease due to transfer of business unit	(84,138)
Utilisation in the year	(910,044)
Allocation in the year	145,378
Obsolescence provision 31/12/2024	1,660,757

The provision reflects the reduced value of inventories due to obsolescence, slow movement or as a result of market values below acquisition or production cost.

Note 6: Trade receivables

Trade receivables and the relative doubtful debt provisions are summarised below.

(Euro.000)	December 31, 2024	December 31, 2023
Trade receivables	21,040,841	22,913,458
Receivables from companies of the Group	0	17,517
Trade receivables from holding company	42,413,626	34,317,169
Receivables from associates	103,235	38,590
Current trade receivables	63,557,702	57,286,734
Doubtful debt provision	(480,276)	(486,210)
Trade receivables	63,077,426	56,800,524

TRADE RECEIVABLES

These concern direct commercial transactions undertaken by the company with clients. The amount is stated net of the doubtful debt provision which expresses reasonably expected losses both on the basis of prior non-collection and amounts overdue.

The doubtful debt provision amounts to Euro 480 thousand, with the movements in 2024 reported in the following table:

December 31, 2024	
Doubtful debt provision 31/12/2023	486,210
Utilisation in the year	(5,934)
Allocation in the year	-
Doubtful debt provision 31/12/2024	480,276

The balance of receivables from customers is net of a without recourse receivable factoring transaction with a pro-soluto clause totalling approximately Euro 2,844 thousand.

Trade receivables include receivables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, which amount overall to Euro 66 thousand (exchange gains).

TRADE RECEIVABLES - SUBSIDIARIES

The breakdown by investee is presented below:

	Opening balance	Changes in the year	Closing balance
SIT Gas Controls Pty Ltd (Australia)	187,074	206,694	393,768
SIT Controls U.S.A. Inc. (USA)	80,211	(15,529)	64,682
SIT Controls BV - (Netherlands)	2,920,102	908,109	3,828,211
SIT Controls Deutschland GmbH (Germany)	36,844	(17,039)	19,806
SIT Controls CR, sro (Czech Republic)	18,479	509	18,988
SIT Romania S.r.l. (Romania)	5,727,530	1,089,233	6,816,763
SIT Motors & Blowers Technology S.r.l (Italy)	-	1,331,864	1,331,864
SIT Manufacturing (SUZHOU) Co.Ltd (China)	5,979,092	1,901,544	7,880,635
Sit Manufacturing N.A. SA de CV (Mexico)	2,690,378	216,551	2,906,928
MeteRSit S.r.l. (Italy)	2,801,340	482,167	3,283,507
SIT Metering S.r.l. (Italy)	1,384,443	207,464	1,591,907
Plast Alfin S.A.R.L. (Tunisia)	497,740	200,482	698,222
SIT Controls Tunisia S.U.A.R.L. (Tunisia)	11,079,880	1,546,054	12,625,934
Janz - Contagem e Gestao De Fluidos, SA (Portugal)	879,026	(6,362)	872,663
Metersit UK Limited (United Kingdom)	35,032	44,716	79,748
Total receivables from subsidiaries	34,317,169	8,096,457	42,413,626

Trade receivables from subsidiaries concern the sale of semi-finished products and components to the industrial subsidiaries and finished products to commercial subsidiaries, in addition to royalties and other services, with all transactions carried out on an arm's length basis.

These include in addition payables in foreign currency, which are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, which overall amount to Euro 125 thousand (exchange gains).

Note 7: Other current assets

The account is broken down as follows:

(in Euro)	December 31, 2024	December 31, 2023
Group VAT receivables	298,717	679,340
Withholding taxes	4,177	2,567,305
Income tax receivables	605,411	1,084,408
Advances	229,694	264,670
Prepayments and accrued income	708,496	569,720
Other receivables	345,856	167,265
Receivables from employees	1,219	0
Social security institution receivables	37,682	86,518
Other current assets	2,231,252	5,419,226

GROUP VAT RECEIVABLES

In tax year 2020, SIT Technologies S.p.A. (now Findest S.p.A.), as parent company, SIT S.p.A., SIT Immobiliare S.p.A. (merged into Findest S.p.A. during 2024 as subsidiaries, adhered to the Group VAT settlement procedure governed by Article 73, final paragraph, of Presidential Decree 633/1972, as approved by their respective governing bodies in 2019. The subsidiary SIT Metering s.r.l. and the parent company Technologies SAPA of F.D.S. S.S. have joined the VAT group procedure since the financial years 2021 and 2023 respectively. The amount of Euro 299 thousand concerns the net receivable of the company from the parent company.

WITHHOLDING TAXES

In view of the forecasts on future results envisaged in the 2025-2029 economic-financial plan, it is considered that receivables for withholding taxes suffered abroad are not recoverable. Consequently, they were written down for an amount of euro 3,973 thousand.

TAX RECEIVABLES

The item refers for Euro 546 thousand to the tax credit accrued for research, development and technological innovation activities (Budget Law 2020 No. 160/2019 and Law No. 234/2021, art. 1, c. 45), for Euro 27 thousand to the tax credit accrued for expenses incurred on investment in new capital goods and for Euro 1 thousand the "Art-Bonus" tax credit (Law No. 106 of July 29, 2014) and for Euro 31 thousand the acquisition of a "Superbonus 110%" tax credit.

ADVANCES TO SUPPLIERS

Advances to suppliers refer to payments on account for services provided.

PREPAYMENTS AND ACCRUED INCOME

At December 31, 2024, accruals and prepayments were composed as follows:

	Balance at				Balance at
	December 31, 2024				December 31, 2023
	Within one year	Beyond one year	Duration beyond 5 years	Total	Total
Accrued financial income	-	-	-	-	7,409
Total accrued income	-	-	-	-	7,409
Prepaid financial charges	49,887	-	-	49,887	89,518
Prepayments on fees, rental & insurance premiums	392,838	5,694	-	398,532	323,945
Other prepayments	243,368	16,710	-	260,077	148,848
Total prepayments	686,092	22,404	-	708,496	562,311
Total accrued income and prepayments	686,092	22,404	-	708,496	569,720

Note 8: Income tax receivables

Income tax receivables were as follows:

(in Euro)	December 31, 2024	December 31, 2023
IRAP receivables	-	594,722
Tax consolidation receivables from parent company	99,498	278,952
Tax receivables	99,498	873,674

The item IRAP receivables at December 31, 2024 was reduced to zero as a result of the use in horizontal compensation during the year, of the receivable present at the end of the previous year.

The amount of Euro 99 thousand concerns the net receivable from the company's involvement in the tax consolidation with the holding company SIT Technologies S.p.A. (now named Findest S.p.A). The company in fact took part in the National Tax Consolidation governed by Legislative Decree No. 344 of December 12, 2003 and in particular Articles 117 to 129 of the Income Tax Law, as the consolidated company and as expressly approved by its Board of Directors for the 2016-2018 three-year period and as per the tax consolidation agreement signed by the interested companies, the agreement has been extended for the three year period 2022-2024.

Note 9: Other current financial assets

A breakdown of other current financial assets follows:

(in Euro)	December 31, 2024	December 31, 2023
Short-term financial receivables from subsidiaries	11,270,695	17,148,284
Guarantee deposits	2,709,842	3,103,675
Restricted deposit account	1,496,330	497,889
Derivative financial instruments	94,934	1,882,665
Other current financial assets	15,571,801	22,632,513

FINANCIAL ASSETS FROM SUBSIDIARIES

The company carries out financial coordination for the subsidiaries and Group treasury services. This account concerns funding operations through credit lines agreed in the undertaking of these activities and those of a financial nature concerning current accounts of the subsidiaries of SIT S.p.A., as per the table below. The interest matured until December 31, 2024 is recognised on an accruals basis to the income statement for the year.

Company	credit line	utilisations	intercompany acc.
SIT Manufacturing (Suzhou) Co.Ltd.	1,978,031	1,978,031	
SIT Controls Tunisia s.u.a.r.l.	4,000,000	4,000,000	
SIT Controls Tunisia s.u.a.r.l.	2,000,000		1,964,521
SIT Metering s.r.l.	1,000,000		2,562,680
MeterSit UK Ltd	844,187	639,186	
S.I.T. Controls U.S.A., Inc.	1,443,835		126,277
Total	11,266,053	6,617,216	4,653,478

GUARANTEE DEPOSITS

Guarantee deposits includes Euro 2,700 thousand related to the payment of a security deposit to a supplier to guarantee supplies of electronic components having particularly long lead times and whose delivery has been particularly unpredictable during the year 2022. This deposit constitutes the Company's commitment to maintain the orders to which these components refer in support of the supplier's activity in the current context of destocking of the production chain of the Heating & Ventilation sector. It should be noted that this deposit decreased by euro 400 thousand during the year.

ESCROW DEPOSITS

With regards to the amount of Euro 1,496 thousand, reference should be made to Note 4, to the paragraph "Escrow deposit account" paragraph above, as part of the acquisition of the company JANZ Contagem e Gestão de Flúidos SA.

DERIVATIVE FINANCIAL INSTRUMENTS

The account, amounting to Euro 95 thousand, includes: Euro 31 thousand concerning the Unicredit EIB loan and Euro 63 thousand concerning the current portion of the IRS contract on the loan agreed with Cassa Depositi e Prestiti S.p.A. The following table provides a breakdown by individual contract:

Transaction type	Currency	Beginning date	Maturity	Fixed rate	Notional Dec 31, 24	Fair value Dec 31, 24
IRS su fin.Unicredit-BEI	Euro	06/06/2022	30/05/2025	1.44%	5,000,000	31,450
IRS su fin.CDP	Euro	30/06/2022	31/12/2026	1.41%	7,500,000	63,484
Total					12,500,000	94,934

Note 10: Cash and Cash Equivalents

(Euro.000)	31 Dicembre 2024	31 Dicembre 2023
Cash in hand and similar	2,312	3,709
Bank and postal deposits	6,273,236	2,787,996
Cash and cash equivalents	6,275,548	2,791,705

Cash and cash equivalents relate to current accounts and cash in hand and similar at December 31, 2024.

Shareholders' Equity

Shareholders' equity at December 31, 2024 amounts to Euro 95,297,755, with a decrease of Euro 40,656,626 compared to the amount of Euro 135,954,382 at December 31, 2023. The changes are reported in the statement of changes in shareholders' equity, to which reference should be made. The following comments relate to the principal accounts and changes.

Note 11: Share capital

The share capital, subscribed and paid-in, amounted at December 31, 2024 to Euro 96,162,195, comprising 25,110,209 shares without express nominal value.

The classes of shares issued by the company are reported below:

Shares	No. Shares	% of share capital	Listing
Ordinary Shares	25,110,209	100.00%	Euronext – Milan

Note 12: Reserves

The availability and distributability of shareholders' equity is outlined in the following table:

(in Euro)	Amount	Possibility of use	Quota available	Quota distributable	Summary of utilisations made in the three previous years		Note	Composition of reserves
					To cover losses	For other reasons		
Nature/description								
SHARE CAPITAL	96,162,195							
CAPITAL RESERVES								
Share premium reserve	10,044,687	(1)(2)(3)	10,359,557	10,044,687				(a)
Capital payments reserve	16,615,618	(1)(2)(3)	16,615,618	16,615,618				(a)
TOTAL CAPITAL RESERVES								
Legal reserve	19,232,439	(2)	19,232,439					(b)
Treasury shares reserve	(5,327,913)			0	0			(a)/(b)
First time application IAS/IFRS reserve	0	(2)	0	0	(564,566)	(95,043)		(b)
Reserve for currency differences	0	(1)(2)	0	0	(161,178)			(b)
Cash Flow Hedge Reserve	424,989		0	0				(b)
Actuarial Reserve - Employee benefits	(87,331)		(87,331)	0				
Extraordinary reserve	103,281	(1)(2)(3)	103,281	103,281	(24,726,475)			(b)
LTI Reserve	658,692		658,692					(b)
TOTAL	137,826,657		46,567,386	26,763,586				
NON-DISTRIBUTABLE AMOUNT				4,760,383			I	
RESIDUAL DISTRIBUTABLE AMOUNT				22,003,203				

(1) For share capital increase	(a) capital reserves
(2) To cover losses	(b) retained earnings
(3) For distribution to shareholders	

(I) In accordance with Article 2426, first paragraph, number 5) of the Civil Code, it should be noted that, since the Company has capitalized development costs for an amount equal to Euro 4,729,267,, net of amortization, until the amortization process is completed, dividends may be distributed only if sufficient available reserves remain to cover the amount of unamortized costs.

In accordance with Article 2426 no. 8-bis of the Italian Civil Code, it should be noted that unrealised net foreign exchange income amounting to euro 31,116 cannot be distributed.

SHARE PREMIUM RESERVE

The share premium reserve of Euro 10,044,687 decreased during the period by Euro 314,870 due to the assignment of shares to employees following the closure of the first cycle of L.T.I. completed in June 2024.

CAPITAL PAYMENTS RESERVE

The shareholders' capital payments reserve of Euro 16,615,618 did not change during the year.

LEGAL RESERVE

The legal reserve of Euro 19,232,439 did not change during the year.

TREASURY SHARES RESERVE

The treasury shares reserve amounted to Euro 5,327,913 and decreased by Euro 1,404,991 due to the assignment of shares to employees following the closure of the first cycle of L.T.I. completed in June 2024. This reserve is for the purpose of the new share-based compensation plans for executives and employees of the Company and/or its subsidiaries, as approved by the Shareholders' Meeting of April 29, 2021.

F.T.A. RESERVE

The F.T.A. reserve was reduced to zero as a result of the resolution of the Shareholders' Meeting of June 11, 2024 which approved the financial statements for the year ended December 31, 2023, allocating this reserve to partially cover the loss.

LONG TERM INCENTIVE PLAN RESERVE

At December 31, 2024, the reserve for long-term incentive plans (L.T.I.) includes the value of share-based payments to key employees and executives, settled with equity securities. It should be noted that on April 29, 2021 the Shareholders' Meeting approved 3 incentive plans (Performance Shares Plan, Restricted Shares Plan, Share Compensation Plan for the Advisory Board) where one of which provides for three different assignment cycles scheduled for the financial years 2021, 2022 and 2023. During the period, the first cycle ended with the conversion of units into shares, therefore the reserve moved as follows:

- A decrease of 263 thousand euros against the partial achievement of the objectives set in the plan for the first assignment cycle;
- A decrease of 1,193 thousand euros due to the conversion of the units into shares, with the consequent allocation of the same to key employees and managers;
- A decrease of Euro 289 thousand due to the failure of the Advisory Board to meet its targets;
- A decrease of Euro 142 thousand against the cost previously set aside for employees and managers, due to the failure to meet the requirements (so-called bad leavers);
- An increase of 499 thousand euros against the allocation of the cost for the period, mainly referring to the second and third cycles.

For further details on these plans, reference should be made to Note 36.

CASH FLOW HEDGE RESERVE

The *cash flow hedge* at December 31, 2023 was recorded as a positive amount of Euro 2,206,741, net of the Euro 696,866 tax effect. This reserve derives from the Fair Value valuation of the hedging contracts against SFA, CDP and UCI/EIB Pool loans. The Reserve at December 31, 2024 had a positive value of Euro 424,989 net of the Euro 134,207 tax effect. The change that occurred during 2024 mainly refers to the renegotiation of hedging derivatives against the Pool SFA loan.

ACTUARIAL RESERVE

At December 31, 2024, the actuarial reserve had a positive value of Euro 87,331 and derives from the effects of the discounting post-employment benefits.

EXTRAORDINARY RESERVE

The extraordinary reserve at December 31, 2024 amounts to Euro 103,281 and during the year it changed as follows:

- decreased by Euro 24,726,475 as a result of the resolution of the Shareholders' Meeting of June 11, 2024 which approved the financial statements for the year ended December 31, 2023, allocating this reserve to partially cover the loss;
- increased by Euro 103,281 as a result of the voluntary renunciation of an employee of the shares assigned following the closure of the first cycle of L.T.I.

Non current liabilities

Note 13: Medium/long-term loans and borrowings

The breakdown of the account at December 31, 2024 is illustrated below:

Euro	31 December 2024	31 December 2023
Non-current loans	75,950,000	58,326,038
Non-current loans - amortized cost	659,704	(144,006)
Medium/long-term loans and borrowings	76,609,704	58,182,032

As of December 31, 2024, Medium/long-term loans and borrowings represent the value of the non-current portion of the loan agreements entered into by the Company with certain financial institutions. The figures shown reflect the effects of the amended agreements that the Company signed with the main lenders on 22-23 April 2024.

These agreements provide for the extension of the original maturities by 24 months and the remodulation of the repayment profile in increasing installments, with maintenance of the original annual and interim maturities. They also provide for the redefinition of the applicable financial covenants in order to make them consistent with the financial renegotiation and the economic and financial profile of the Company's business and financial plan approved on 29 February 2024.

The mentioned financing agreements – which are not secured by any collateral or guarantees – have also been amended in relation to a series of commitments and limitations already in place originally. Further limits have also been introduced on the distribution of variable dividends depending on the level of

consolidated financial leverage and finally the pricing levels have been adjusted in relation to the trend of the consolidated financial leverage.

(Amounts in (Euro,000))

Denomination Initial date	Maturity	Nominal amount	Cov	Residual debt			Current rate (*)	Fair value		
				Total	Non Current	Current		Total	Non Current	Current
Pool SFA (1) 06/08/21	30/6/28	90,000	(**)	63,450	59,400	4,050	5.33%	66,544	59,801	4,263
CDP 11/03/21	31/12/28	15,000	(**)	12,338	11,550	788	4.58%	13,086	11,751	889
UCI / BEI 31/05/22	31/5/28	10,000	(**)	6,000	5,000	1,000	5.26%	6,114	5,058	1,056
MPS 27/09/23	1/10/25	4,000	no	3,064		3,064	3.80%	3,064	0	3,064
BPER 03/02/23	3/2/25	5,000	no	645		645	4.29%	645	0	645
Totale				85,496	75,950	9,546		89,452	76,610	9,917

(1) Banking Pool includes BNL, Unicredit, DB, Banco BPM, Credit Agricole

(*) Interest rate given by market parameter plus contractual spread existing on the date

(**) Financial covenants to be calculated at the level of the consolidated financial statements on a half-yearly basis: (i) the ratio of net financial position to EBITDA (ii) the ratio of EBITDA to net financial expenses (iii) the ratio of net debt to equity, all ratios to be calculated on the basis of the last 12 months and according to the definitions provided for in the relevant contracts. There are also other contractual commitments and limitations on operations, such as the maximum level of annual investments and constraints on the possibility of distributing dividends in relation to the ratio between net financial position and EBITDA. As of December 31, 2024, the financial covenants of 5.5x, 3.0x and 1.5x respectively and the Capex Covenant of Euro 24 million were respected.

Please note that the SFA Pool loan starting from 2025 includes an ESG interest rate indexation clause based on a sustainability rating issued by the international corporate social responsibility rating agency EcoVadis.

The following table summarises the maturity profile of the principal portions of the main financial liabilities based on contractual commitments (for a description of the Bonds, please refer to the paragraph "Bonds – non-current portion", Note No. 14):

(amounts in (Euro,000))

Years	Bank Loans	Bonds	Others (*)	Total
2025	9,546		25,4	9,572
2026	18,929			18,929
2027	23,323	8,000		31,323
2028	33,698	8,000		41,698
2029		8,000		8,000
2030		8,000		8,000
2031		8,000		8,000
Totale	85,496	40,000	25,4	125,522

(*) The item Others includes financial liabilities deriving from Simest dedicated to specific projects

Note 14: Other non-current financial liabilities and derivative financial instruments

Details are provided in the following table:

(in Euro)	31 december 2024	31 december 2023
Other non-current financial liabilities	-	14,945
Non current loans from Parent company – Amortized cost	5,172,603	-
Non-current financial lease debt - IFRS 16	4,495,064	5,291,765
Derivatvies financial instruments (non-current portion)	611,109	-
Bond loan	39,978,638	39,604,980
Other non-current financial liabilities and derivative financial instruments	50,257,414	44,911,690

OTHER NON-CURRENT FINANCIAL LIABILITIES

As of December 31, 2023, the item amounted to Euro 15 thousand and related to loans granted by Sace-Simest, pursuant to the latest Law Decree of March 17, 2020 converted into Law No. 27 of April 24, 2020, to be used for participation in trade fairs and exhibitions in foreign countries and for staff training. No guarantees are provided for these loans.

In this case, the loans received totaled Euro 75 thousand, at a subsidized rate of 0.055%, repayable in 6 semi-annual installments starting from October and December 2022 until maturity scheduled for April and June 2025. The item as at 31 December 2024 has been reclassified under current financial payables.

NON-CURRENT FINANCIAL LEASE DEBT - IFRS 16

The amount concerns the non-current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16. For further details, please refer to note no. 35

BOND LOAN – NON CURRENT PORTION

The item refers to the bond loan subscribed by Pricoa in May 2021 for the nominal value of EUR 40,000 thousand. The debt was valued using the amortised cost method over the duration of the contract, equal to 10 years with 6 years of pre-amortization. The fixed semi-annual coupon is indexed from the fifth year onwards to a sustainability ("ESG") rating provided by the international agency EcoVadis.

The financial covenants provided for in the contract, failure to comply with would result in the loss of the term benefit, are: (i) the ratio of net financial position to EBITDA and (ii) the ratio of EBITDA to net financial expenses, (iii) compliance with a certain ratio of debt to equity and (iv) a certain level of cash and cash equivalents and available credit lines. There are also other contractual commitments and limitations on operations, such as the maximum level of annual investments and limitations on the possibility of distributing dividends in relation to the ratio between net financial position and EBITDA.

The transaction in question was also the subject of amending agreements approved on 22 April by the bondholders' meeting. These agreements reflect the discussions and agreements signed with the banking sector described in Note 13 and the revision of the financial parameters in line with the Group's updated short- and medium-term income and financial prospects. The limit values of these covenants for the recognition date as of December 31, 2024 are 5.5x, 3.0x and 1.5x respectively, values that have been met. The Liquidity Covenant (equal to Euro 5 million of cash and cash equivalents and Euro 7 million of available credit lines) was respected, as was the Capex Covenant of Euro 24 million.

The above amounts also include the effects as of the date of modification, resulting from the new agreements, defined in accordance with IFRS 9.

NON CURRENT LOANS FROM PARENT COMPANY – AMORTIZED

As part of the broader banking renegotiation described above and in order to ensure greater liquidity availability for the Group, on April 22, 2024 the Company signed a new loan agreement with the parent company Technologies S.a.p.a. for an amount of Euro 5,000 thousand subordinated to the existing bank debt. The loan is expected to be repaid no earlier than May 19, 2031.

Note 15: Provisions for risks and charges

The changes to the account were as follows:

	December 31, 2023	Provisions	Utilisations/Releases	December 31, 2024
Agents indemnity provision	154,133	-	-	154,133
Product warranty provision	140,253	-	-	140,253
Other risks provision	1,803,693	679,341	(235,144)	2,247,891
Total provisions for risks and charges	2,098,080	679,341	(235,144)	2,542,277

AGENTS INDEMNITY PROVISION

The account exclusively includes the potential liability for any indemnities due to agents in the event of end of service or for the termination of the contract not attributable to the agent, as established by Article 1751 of Civil Code and the Collective Economic Agreements.

PRODUCT WARRANTY PROVISION

The product warranty provision reflects a reasonable estimate of the charges which the company may incur to comply with contractual guarantees on products sold until the reporting date. The value of the provision is in line with the previous year.

OTHER PROVISIONS

Other provisions include:

- Risks provision for Euro 665 thousand, which concerns for risks associated with ongoing disputes with customers and suppliers, where the risk of loss is considered probable. The decrease during the year, amounting to Euro 6 thousand, relates to specific complaints recognized to customers;
- The future charges provision of Euro 1,144 thousand relates to the costs of the reclamation of a plot of land owned by the Company; the use in the year of Euro 119 thousand concerned the costs incurred for the reclamation activity; during the year, Euro 122 thousand was in addition allocated and increased by 8.4 thousand euros as a result of the discounting of the provisions for the previous year; This increase was necessary on the basis of the results of the analyses carried out during the year and the comparison with the body in charge of control.

- The provision for risks of euro 439 thousand refers to severance pay of certain personnel scheduled for next year.

Note 16: Post-employment benefit provision

The movements in the account in the year to December 31, 2024 and to December 31, 2023 were as follows:

	December 31, 2024	December 31, 2023
Net liabilities for employee benefits	3,130,765	3,805,446
Liabilities for retention or other	326,049	316,073
Net liabilities for defined employee benefits	3,456,814	4,121,519

The movement in the account Net liabilities for employee benefits is presented below:

	December 31, 2024	December 31, 2023
Post-em. bens. at beginning of year	3,805,446	4,010,248
Payments in the year	(794,791)	(323,852)
Interest cost	103,777	134,439
Actuarial gains/(losses) recognised	16,333	(15,388)
Post-em. bens. at end of year	3,130,765	3,805,446

The economic/demographic assumptions utilised for the measurement for IAS of post-employment benefits were as follows:

Defined benefit plans	December 31, 2024	December 31, 2023
Annual discount rate	3.18%	3.08%
Annual inflation rate	2.00%	2.00%
Annual increase in post-employment benefit	3.00%	3.00%
Annual increase in real salaries	1	1
Death	ISTAT 2022	The RG48 mortality tables published by the General State Controller
Disability	INPS tables by age and gender	
Retirement	100% on satisfying AGO requirements	

The annual frequency of advance payments and company turnover were taken from the historical experience of the company and from the frequencies of the experience of the actuarial consultant on a significant number of similar businesses.

Note 17: Other non-current liabilities

The amount of Euro 224 thousand refers to the accounting of instruments due from minority shareholders of SIT MBT S.r.l. who are also employees of the investee, as defined for "Cash-settled share-based payment" instruments by IFRS 2.

Note 18: Deferred tax income & charges

A breakdown of temporary differences and the consequent deferred tax assets/liabilities at December 31, 2024 and at December 31, 2023 is reported below, based on the type of temporary differences, applying respectively a tax rate of 24% for IRES and 3.9% for IRAP:

DEFERRED TAX ASSET/(LIABILITY)	December 31, 2023				December 31, 2024			
	Amount of temp. diff. IRES	Amount of temp. diff. IRAP	Tax effect IRES	Tax effect IRAP	Amount of temp. diff. IRES	Amount of temp. diff. IRAP	Tax effect IRES	Tax effect IRAP
Rate			24.00%	3.90%			24.00%	3.90%
DEFERRED TAX ASSETS								
Provisions for risks and charges and employee provisions	311,523	311,523	74,766	12,149	-	310,403	-	12,106
Other provisions for risks and charges	1,943,947	1,943,947	466,547	75,814	-	1,826,800	-	71,245
Write-down of inventories	2,509,561	2,509,561	602,295	97,873	-	1,642,411	-	64,054
Unrealised exchange losses	206,709	-	49,610	-	-	-	-	-
Deprec. suspended on prop. Revaluations	171,004	171,004	41,041	6,669	-	171,004	-	6,669
Non-deductible interest expense	-	-	-	-	-	-	-	-
Impairment of property, plant and equipment	1,002,195	1,002,195	240,527	39,086	-	1,002,195	-	39,086
Other	147,869	49,411	35,489	1,927	-	-	-	0
Deferred taxes concerning previous years tax losses	21,560,685	-	5,174,564	-	12,086,571	-	2,900,777	-
ACE	10,630,318	-	2,551,276	-	6,748,318	-	1,619,596	-
Employee benefits	-	-	-	-	11,154	-	2,677	-
Derivative financial instruments	-	-	-	-	824,706	-	197,929	-
TOTAL DEFERRED TAX ASSETS	38,483,811	5,987,641	9,236,115	233,518	19,670,750	4,952,813	4,720,980	193,160
IMPOSTE DIFFERITE								
Accelerated depreciation	(374,909)	-	(89,978)	-	(374,909)	-	(89,978)	-
Revaluation land & buildings from merger	(3,142,148)	(3,142,148)	(754,116)	(122,544)	(3,132,092)	(3,132,092)	(751,702)	(122,152)
Reval. Investments for positive cancellation diff.	(52,500)	-	(12,600)	-	(52,500)	-	(12,600)	-
Valuation brands and Technologies for consolidation diff.	(13,956,579)	(13,956,579)	(3,349,579)	(544,307)	(11,436,846)	(11,436,846)	(2,744,843)	(446,037)
Unrealised exchange gains	(56,573)	-	(13,578)	-	0	-	0	-
Finance Leases	(836,639)	(836,639)	(200,793)	(32,629)	(792,699)	(792,699)	(190,248)	(30,915)
Derivative financial instruments	(2,903,607)	-	(696,866)	-	(1,383,902)	-	(332,136)	-
TOTAL DEFERRED TAXES	(21,322,955)	(17,935,366)	(5,117,509)	(699,479)	(17,172,947)	(15,361,636)	(4,121,507)	(599,104)
TAX: DEFERRED TAX ASSETS/(LIABILITIES) TO BALANCE SHEET TOTAL	17,160,856	(11,947,725)	4,118,605	(465,961)	2,497,802	(10,408,823)	599,473	(405,944)

Deferred tax assets are recognised in the financial statements on the basis of their recoverability through future taxable income, in accordance with IAS 12 – Income taxes. The assessment of the recoverability of deferred tax assets is carried out with reference to the forecasts of future taxable results, in line with the business plan approved by the Company. Following the update of the economic and financial projections, which do not show sufficient taxable income over the time horizon of the plan (2025-2029), the Directors decided to proceed with the partial write-down of the deferred tax assets relating to deductible temporary differences, tax losses and the ACE benefit, for a total amount of euro 3,629 thousand. Furthermore, in line with the above, deferred tax assets relating to deductible temporary differences arising during the year and tax losses for the current year, which amount to euro 17,487 thousand and can be carried forward within the terms provided for by current tax legislation, have not been recognised. The Company will continue to periodically monitor the evolution of the expected tax results and the related projections, adjusting the recognition of deferred tax assets according to any changes in the forecasting and regulatory framework.

Current liabilities

Note 19: Short-term loans and borrowings

The breakdown is as follows:

(in Euro)	December 31, 2024	December 31, 2023
Utilisation short-term lines	8,946,564	10,234,662
Current portion of loans	9,916,825	35,841,511
Current financial charges	30,753	58,357
Short-term loans and borrowings	18,894,142	46,134,530

UTILISATION SHORT-TERM LINES

The item includes advances on commercial flows received from various banks totalling Euro 8,650 thousand, in addition to accrued and outstanding bank interest payable of Euro 297 thousand.

CURRENT PORTION OF BANK LOANS

This item includes the current portion of the 2021 Senior Financial Agreement loan for Euro 4,263 thousand, the current portion of the Montepaschi loan for Euro 3,064 thousand, the current portion of the Unicredit loan for Euro 1,056 thousand, the Cassa Depositi e Prestiti loan for Euro 889 thousand and the Banca BPER S.p.A. loan for Euro 645 thousand. These loans are represented in accordance with the amending agreements signed on April 23 and 24 and described in more detail in Note 13.

CURRENT FINANCIAL LIABILITIES

This item represents accrued interest at December 31, 2024 on the Unicredit loan for Euro 26 thousand and on the Banca BPER loan for Euro 5 thousand.

Note 20: Other current financial liabilities and derivative financial instruments

A breakdown follows:

(in Euro)	December 31, 2024	December 31, 2023
Current financial payables - subsidiaries	33,485,887	20,715,131
Other current payables	253,184	98,912
Factoring payables	1,570,150	846,084
Derivative financial instruments - current portion	273,083	20,070
Current financial lease payables - IFRS 16	1,750,777	1,710,171
Other current financial liabilities and derivative financial instruments	37,333,081	23,390,368

CURRENT FINANCIAL PAYABLES - SUBSIDIARIES

The balances at December 31, 2024 and December 31, 2023 mainly concern financial transactions relating to the current accounts held by the subsidiaries with SIT S.p.A. as part of the centralised treasury services provided by SIT S.p.A. to the Group companies.

Current financial payables to subsidiaries by investee company are presented below:

	December 31, 2024	December 31, 2023
SIT Gas Controls Pty Ltd (Australia)	1,055,638	2,114
SIT Romania S.r.l. (Romania)	4,189,322	3,389,184
Plast Alfin s.a.r.l. (Tunisia)	389,913	266,001
SIT Controls BV (Netherlands)	10,736,469	8,903,220
SIT Controls Deutschland GmbH (Germany)	1,154,120	1,017,809
SIT Controls CR, sro (Czech Republic)	3,180,960	2,610,879
Sit Manufacturing N.A. SA de CV (Mexico)	284,729	2,088,820
MeteRSit S.r.l. (Italy)	6,124,787	1,725,609
Janz (Portugal)	6,369,949	711,496
Totale debiti finanziari correnti verso controllate	33,485,887	20,715,131

OTHER CURRENT FINANCIAL PAYABLES

The item of Euro 253 thousand relates for Euro 25 thousand to the current portion of the Sace-Simest loans as better specified in Note 14, for Euro 47 thousand to the adjustment to be repaid to SIT MBT srl for the transfer of the business unit and for Euro 181 thousand to the interest accruing on the bond adjusted by the current portion of the related transaction costs.

DERIVATIVE FINANCIAL INSTRUMENTS - CURRENT PORTION

The balance at December 31, 2024 of Euro 273 thousand includes the mark-to-market at December 31, 2024 of the interest rate risk hedging derivative contracts entered into against the 2021 Senior Financial Agreement (SFA 2021) bank loan, hedged at 50% of the residual nominal value of Euro 63,450 thousand, while Euro 59 thousand is attributable to contracts for the management of exchange rate risk.

In 2024, the company undertook hedges on exchange rate risk and the risk concerning the volatility of energy and natural gas prices. These contracts do not meet the hedging requirements established by IFRS 9 for the application of hedge accounting.

The features and the fair value of the current portion of the derivative financial instruments at December 31, 2024 are summarised below:

Company's financial statements at December 31, 2024
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Transaction type	Currency	Currency amount	Currency value	average spot exchange rate	average forward exchange rate	Maturity date / Fair value at the date		
						<3m	>3m; <6m	>6m; <9m
forward sales	CNY	15,000,000	EUR	7.8800	7.8220	-	-	(46,299)
forward sales	GBP	430,000	EUR	0.8293	0.8308	(1,252)	-	-
forward sales	USD	2,850,000	EUR	1.0394	1.0411	(11,935)	-	-
Total						(13,187)	-	(46,299)

The breakdown is provided below of changes to liabilities deriving from financial activities, where such relates to cash flows or non-monetary changes:

(in Euro)	Dec 31, 23	Drawdown	Acquisitions / Contributions	Reimbursement s/settlements	Reclassification n	Fair Value Changes	Change in amortised cost	Dec 31, 24
Bank payables - non-current portion of loans	58,326,038	2,882,825			14,741,137			75,950,000
Bank payables - non-current portion amortised cost	(144,006)				(1,105,123)		1,908,833	659,704
Total bank payables - non-current portion loans	58,182,032	2,882,825	-	-	13,636,014	-	1,908,833	76,609,704
Shareholder loans - non-current portion of loans	-	5,000,000						5,000,000
Shareholder loan - amortised cost	-							-
Shareholders' loan - accrued interest	-	172,603						172,603
Bond loan - non-current portion	40,000,000							40,000,000
Bond loan - amortised cost, non-current portion	(395,020)				(46,580)		420,238	(21,362)
Derivative financial instruments - non-current portion	-					611,109	-	-
IFRS16	5,291,765	712,516			(1,509,218)			4,495,064
Payables to other lenders	14,945	-			(14,945)			-
Total other non-current financial liabilities and derivative financial instruments	44,911,690	5,885,119	-	-	(1,570,743)	611,109	420,238	49,646,305
Total non-current financial liabilities	103,093,722	8,767,944	-	-	12,065,271	611,109	2,329,071	126,867,118
Bank payables - current portion of loans	35,980,571	-		(11,693,230)	(14,741,137)			9,546,204
Bank payables - current portion amortised cost	(139,060)			(595,442)	1,105,123			370,621
Current account and accrued interest expense	10,293,019	8,977,317		(10,293,019)				8,977,317
Total bank payables - current portion of loans	46,134,530	8,977,317	-	(22,581,691)	(13,636,014)	-	-	18,894,142
Shareholder loan - current portion of loans	-							-
Bond loan - current portion	-							-
Bond loan - amortised cost current portion	(82,089)			38,416	46,580			2,907
Bond loan - accrued interest expense	151,111	177,667		(151,111)				177,667
Derivative financial instruments - current portion	20,070			(20,070)		273,083		273,083

Company's financial statements at December 31, 2024
Financial Statements

Financial liabilities to subsidiaries	20,715,131	14,854,579		(2,083,825)				33,485,886
Factoring payables	846,084	1,570,150		(846,084)				1,570,150
IFRS16	1,710,170	413,253		(1,881,864)	1,509,218			1,750,777
Payables to other lenders	29,891	31,330	47,223	(50,778)	14,945			72,611
Total other current financial liabilities and derivative financial instruments	23,390,368	17,046,979	47,223	(4,995,316)	1,570,743	273,083	-	37,333,081
Total current financial liabilities	69,535,332	26,024,296	47,223	(27,577,007)	(12,065,271)	273,083	-	56,227,223

In relation to the hierarchical positioning of the fair value of the derivative instruments in place (IRS, currencies and commodities) those described above are classified as level 2. There were no transfers between Level 1 and Level 2 during the year.

CURRENT FINANCIAL PAYABLES FOR LEASING – IFRS16

The amount concerns the current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16. For further information, reference should be made to Note 35.

Note 21: Trade payables

At December 31, 2024, trade payables were broken down as follows:

(in Euro)	December 31, 2023	December 31, 2022
Trade payables	39,778,840	43,315,454
Trade payables to subsidiaries	24,056,870	14,286,185
Trade payables	63,835,710	57,601,639

TRADE PAYABLES

These include payables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, equating to exchange loss of Euro 219 thousand.

TRADE PAYABLES TO SUBSIDIARIES

Trade payables to subsidiaries concern the purchase of semi-finished products and components, in addition to finished products, and royalties and other services, with all transactions carried out on an arm's length basis.

The value of trade payables to subsidiaries includes payables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, equating to exchange loss of Euro 93 thousand.

Trade payables to subsidiaries by individual subsidiary are presented below:

	December 31, 2024	December 31, 2023
SIT Gas Controls Pty Ltd (Australia)	29,204	48,387
SIT Controls U.S.A. Inc. (USA)	84,737	73,371
SIT Controls BV (Netherlands)	2,897,476	1,754,153
SIT Controls Deutschland GmbH (Germany)	265,373	332,005
SIT Controls CR, sro (Czech Republic)	412,839	465,647
SIT Romania S.r.l. (Romania)	9,005,115	5,153,242
Sit Manufacturing (SUZHOU) Co Ltd (China)	5,719,073	3,173,948
MeteRSit S.r.l. (Italy)	176,863	350,379
SIT Metering Srl (Italy)	170,456	162,716
SIT Motors & Blowers Technology S.r.l (Italy)	1,552,399	-
Sit Manufacturing N.A. SA de CV (Mexico)	249,221	505,064
SIT Controls Tunisia SUARL (Tunisia)	3,050,454	2,107,252
Plast Alfin S.A.R.L. (Tunisia)	320,923	147,643
Janz (Portugal)	122,738	12,378.34
Total trade payables to subsidiaries	24,056,870	14,286,185

Note 22: Other current liabilities

A breakdown follows:

(in Euro)	December 31, 2024	December 31, 2023
Other payables	292,892	363,551
Customer advances	638,393	393,960
Current remuneration payables	1,442,657	1,561,290
Deferred remuneration payables	1,935,602	3,420,381
Payables to social security institutions	1,941,048	2,313,361
Result bonuses	892,942	1,009,690
Accrued expenses	700,697	605,652
Substitute tax payables	1,824,595	1,851,246
Other current liabilities	9,668,826	11,519,131

OTHER PAYABLES

These principally includes the employee portions (canteen contribution, trade union contributions etc.) for subsequent payment to various entities and institutes and payables to directors and other corporate boards for amounts yet to be settled.

CURRENT REMUNERATION PAYABLES

Current remuneration payables principally include employee payables for December 2024 salaries, paid in January 2025.

DEFERRED REMUNERATION PAYABLES

Deferred remuneration refers to holidays and leave matured but not taken, including the relative contributions, as well as debts allocated against agreements for the voluntary termination of the employment relationship with certain employees.

PAYABLES TO SOCIAL SECURITY INSTITUTIONS

These include employee social security and pension deductions.

RESULT BONUSES

The account relates to the estimate of 2024 bonuses, principally to be paid in 2025.

SUBSTITUTE TAX PAYABLES

The account concerns payables for withholding taxes on wages and salaries accruing in 2024.

COMMENTS ON THE MAIN ITEMS OF THE INCOME STATEMENT

Note 23: Revenue from sales and services

Revenues from sales and services are comprised as follows:

(in Euro)	2024	2023
Revenues from product sales	194,376,815	220,651,871
Revenues from services	14,680,091	13,904,722
Revenues from sales and services	209,056,906	234,556,593

REVENUES FROM PRODUCT SALES

Revenues from product sales by region and segment are broken down as follows:

Category of activity	2024	2023
Mechanical controls	114,321,289	132,987,408
Electronic controls	33,198,104	32,702,676
Fans	22,889,895	28,435,317
Flue systems	19,819,516	19,858,887
Other products	4,148,011	6,667,582
Total	194,376,815	220,651,871

	2024	2023
Italy	32,237,318	36,127,893
European Union	66,345,494	68,911,491
Other countries	95,794,003	115,612,488
Total revenues	194,376,815	220,651,871

REVENUES FROM SERVICES

This account is comprised as follows:

	2024	2023
Provision of other services	5,244,159	5,727,053
Recovery of misc. expenses	1,870,072	1,835,692
Seconded personnel recharges	2,113,813	2,050,977
Royalties & TP Compensation	5,452,047	4,291,001

Total revenue from services	14,680,091	13,904,722

PROVISION OF OTHER SERVICES

These mainly concern support services to the manufacturing companies provided by SIT S.p.A. for centralised functions carried out in the areas of quality, procurement, logistics and production planning, in addition to process engineering. They in addition concern general services such as centralised treasury, IT services and in certain cases administrative support.

RECOVERY OF MISC. EXPENSES

They mainly include recharges to third parties and other Group companies of costs incurred on their behalf.

ROYALTIES

The amount refers to royalties invoiced to the subsidiaries SIT Manufacturing Na. Sa. de CV for Euro 3,418 thousand, SIT Controls BV (Netherlands) for Euro 143 thousand e SIT Manufacturing (SUZHOU) Co Ltd (China) for Euro 345 thousand, against the use by these of technical-productive know-how of non-patented technology and the SIT brand, all owned by the Company.

Note 24: Raw materials, ancillaries, consumables and goods

The breakdown of the account in 2024 and 2023 was as follows:

(in Euro)	2024	2023
Purchases of ancillary materials	2,124,613	2,296,419
Purchases of raw materials, semi-finished & packaging	68,234,644	78,952,497
Finished products purchases	35,916,613	33,702,541
Purchases of consumable materials	-	-
Purchases of goods	22,182,680	30,576,273
Maintenance and repair materials	692,802	1,133,583
Other purchases	874,006	1,525,875
Duties on purchases	317,626	367,544
Raw materials, ancillaries, consumables and goods	130,342,982	148,554,731
Changes in inventories of raw materials, ancillaries, consumables and goods	881,666	2,384,393
Change in inventories of finished & semi-finished products and goods	1,929,947	1,137,634
Change in inventories	2,811,613	3,522,027
Total cost of raw materials, ancillaries, consumables and goods	133,154,596	152,076,758

Raw materials, ancillaries, consumables and goods, including changes in inventories, amounted to 133,154 thousand accounting for 64% of revenues, down compared to 2023 of Euro 18,922 thousand and against a revenue percentage of 65%.

Note 25: Service costs

The composition of the account is as follows:

(in Euro)	2024	2023
Rent, hire and leases	206,945	265,199
Outsourcing	5,493,177	6,030,236
Transport	3,226,359	3,147,320
Commissions	1,618,793	1,946,027
Legal, administrative and other	3,327,500	5,044,176
Insurance	694,637	793,696
Management services	171,001	221,142
Maintenance & repair expenses	3,656,659	3,512,306
Utilities	4,823,502	5,476,331
Personnel expense	874,719	1,029,623
Cleaning and security	759,527	763,175
Advertising, marketing, and sponsorship	223,319	295,124
Directors, statutory & independent auditor fees	1,257,554	1,682,169
Travel and accommodation	402,665	416,893
Bank charges & commissions	496,631	521,951
Other services	343,706	630,290
Listing charges	214,336	305,725
Royalties charges	2,406,161	2,442,902
Service costs	30,197,189	34,524,285

The item recorded a reduction in costs incurred of approximately Euro 4,327 thousand compared to 2023, also attributable to the effect of lower turnover compared to the previous year. The largest changes mainly concern the reduction in legal and administrative consultancy (Euro -1.7 million), the cost of utilities (Euro -0.7 million), external work (Euro -0.5 million) and commissions (Euro -0.3 million).

Note 26: Personnel expenses

Personnel expenses are shown below:

(in Euro)	2024	2023
Wages and salaries	25,809,201	30,383,827
Social security charges	8,569,047	9,214,927
Temporary personnel	2,785,748	2,694,448
Post-employment benefits	1,995,810	2,267,379
Other costs	447,890	27,538
Personnel expense	39,607,696	44,588,120

The item shows a decrease of Euro 4,980 thousand, the change is mainly attributable to the decrease in the number of employees during the year.

Average personnel over the last two years are broken down as follows:

Employees	2024	2023
Executives	26	30
White-collar	266	298
Blue-collar	337	397

Temporary	69	74
Total employees	697	799

The national collective work contract applied is that for the mechanical engineering sector and for executives that applicable to industrial enterprise executives.

Note 27: Depreciation, amortisation and write-downs

The breakdown is as follows:

(in Euro)	2024	2023
Amortisation of intangible assets	3,511,370	3,158,789
Depreciation of property, plant and equipment	10,670,542	10,698,887
Depreciation of operating lease IFRS 16	1,885,305	1,858,064
Total depreciation and amortisation	16,067,217	15,715,740
Write-down of intangible assets	19,372,000	18,002,195
Total write-downs	19,372,000	18,002,195
Depreciation, amortisation and write-downs	35,439,217	33,717,935

For further details on depreciation and amortisation, reference should be made to the notes to intangible assets and property, plant and equipment.

Note 28: Provisions for risks

The breakdown is as follows:

(in Euro)	2024	2023
Provisions	122,300	434,000
Uses/releases provisions	-	(27,066)
Provisions for risks	122,300	406,934

Provisions amount to Euro 122 thousand and refer to environmental remediation activities owned by the Company.

Note 29: Other charges (income)

The account is broken down as follows:

(in Euro)	2024	2023
Misc. recoveries	167,644	97,964
Prior year income	329,492	401,198
Gains on fixed assets	118,875	100,619
Grants	123,949	622,439
Other revenues	306,026	107,496
Other income	1,045,986	1,329,716
Misc. taxes & non-deductible costs	188,035	189,170
Losses on fixed assets	90,479	6,768
Associations	157,517	160,928
Prior year charges	35,715	91,884

IMU Property tax	217,242	208,805
Misc. reimbursements	2,561,304	20,075
Other charges	384,410	356,680
Other charges	3,634,702	1,034,310
Other charges (income)	2,588,717	(295,407)

CONTRIBUTIONS

The item refers to tax credits accrued during the year, mainly referring to tax credits for research and development and technological innovation activities (Budget Law 2020 no. 160/2019 and art.1, c.45, law no. 234/2021), to the tax credit for new capital goods 4.0 (Law 160/2019 and Law No. 178/2020) and to the tax credit accrued for expenses incurred as an investment in new ordinary capital goods.

Note 30: Investment charges and (income)

The account concerns dividends approved by subsidiaries and booked in 2024, in particular:

(in Euro)	2024	2023
Dividends from subsidiary: SIT Controls BV (Netherlands)	8,800,000.00	-
Total charges and (income) from investments	8,800,000.00	-

Note 31: Financial income

In 2024 this amounted to Euro 2.769 thousand and was broken down as follows:

(in Euro)	2024	2023
Interest income on bank accounts	16,064	49,763
Other interest income	28,448	22,751
Interest income from Group companies	2,463,097	2,806,357
Profits on derivative financial instruments	261,860	841,814
Financial income	2,769,469	3,720,686

INTEREST INCOME FROM GROUP COMPANIES

They concern current loans to SIT Metering S.r.l. (Italy), SIT Manufacturing (Suzhou) Co. Ltd. (China), SIT Controls Tunisia S.u.a.r.l. (Tunisia), SIT Gas Controls Pty Ltd (Australia), SIT Manufacturing N.A. SA de CV (Mexico) and Metersit UK Ltd. (United Kingdom) for a total of Euro 2,111 thousand; while including for Euro 352 thousand matured on current accounts with the subsidiaries held by the company as part of the centralised treasury management services.

PROFITS ON DERIVATIVE FINANCIAL INSTRUMENTS

The item of Euro 262 thousand relates to the reversal of the mark-to-market recorded at December 31, 2023 for currency derivative contracts that expired during the year 2024 (Euro 20 thousand); for Euro 242 thousand relates to gains on commodity derivative contracts that arose and expired during the year 2024.

Note 32: Financial charges

Financial charges consist of:

(in Euro)	2024	2023
Interest expense from subsidiaries	8,963	47,899
Interest expense from parent company	172,603	-

Interest and other bank charges	6,580,751	3,496,974
Interest charges to third parties	490,713	595,817
Interest expenses on current accounts subsidiaries	928,477	817,678
Charges on loans	-	-
Other financial charges	95,640	1,676,423
Financial charges for operating leases - IFRS 16	139,799	149,901
Interest on bond loans	2,328,587	1,136,937
Financial charges	10,745,532	7,921,630

INTEREST EXPENSES FROM SUBSIDIARIES

They concern current accounts held by the subsidiaries at SIT S.p.A. as part of the centralised treasury management carried out on behalf of these subsidiaries.

INTEREST EXPENSE FROM PARENT COMPANY

The item amounting to Euro 173 thousand relates to interest accrued on the loan granted by the parent company Technologies S.A.P.A. of F.D.S S.S. amounting to Euro 5 million, bearing interest at an annual rate of 5%, with capitalization of the related financial charges, subordinated and subordinated to the Company's financial debt as well as convertible into the Company's capital and/or equity.

INTEREST AND OTHER BANK CHARGES

The breakdown of the item amounts to Euro 6,581 thousand:

	Interest (*)	Amortized cost and debt renegotiation	Hedging renegotiation	Total
Bper Financing	93,154	-	-	93,154
CDP financing	478,408	403,645	-	882,053
Financing Banca Montepaschi	45,010	-	-	45,010
SFA Pool Funding	3,231,915	1,912,397	(812,014)	4,332,298
UCI/EIB financing	239,000	220,189	-	459,189
Interest expense from banks on current accounts	148,098	-	-	148,098
Interest payable from banks on short-term advances	461,019	-	-	461,019
Commissions on loans/credit lines	159,931	-	-	159,931
	4,856,534	2,536,231	(812,014)	6,580,751

(*) The value also includes the effect of hedging

The amount includes Euro 3,940 thousand related to the financial restructuring completed in the month of April 2024, accounted for in accordance with IFRS 9. The amount refers to the increased charges, calculated as the difference between the carrying amount of the original debt remaining at the date of the change with respect to the value of cash flows deriving from the conditions defined in the new agreements signed, including the expenses paid to the credit institutions, discounted at the original effective interest rate of the debt.

CHARGES ON DIFFERENT FINANCIAL INSTRUMENTS

The amount relates for Euro 36 thousand to the differentials accrued on derivative contracts on commodities that do not comply with the formal hedging requirements set out in the company policy; The item also includes Euro 60 thousand relating to the differentials accrued at December 31, 2024 or derivative contracts on currencies.

FINANCIAL CHARGES ON OPERATING LEASES – IFRS 16

These are financial charges due to the discounting of liabilities relating to rights of use of assets on operating lease, as defined in IFRS 16. For further information, reference should be made to Note 35.

INTEREST ON BOND LOANS

The amount of Euro 2,329 thousand concerns the interest charges accruing in the period on the bond loan signed in May 2021. The amount includes Euro 808 thousand related to the financial restructuring completed in April 2024, accounted for in accordance with IFRS 9. The amount refers to higher charges, calculated as the difference between the carrying amount of the original debt outstanding at the date of the change and the value of the cash flows deriving from the conditions defined in the new agreements signed, including expenses incurred, discounted at the original effective interest rate of the debt. For further information, reference should be made to the Directors' Report and to Note 14.

Note 33: Net exchange gains (losses)

Net exchange losses of Euro 208 Net exchange losses of Euro:

(in Euro)	2024	2023
Realised exchange gains	(1,310,773)	(2,002,890)
Realised exchange losses	1,549,781	1,891,475
Unrealized exchange gains	(398,730)	(218,740)
Unrealised exchange losses	367,614	386,168
Net exchange gains and losses	207,892	56,013

Unrealised exchange gains refer to the positive differences on the conversion of the receivables and payables in foreign currencies at the year-end exchange rates. Unrealised exchange losses refer to the negative differences on the conversion of the receivables and payables in foreign currencies at the year-end exchange rates. There are no significant effects on the financial statements of changes in the market exchange rates subsequent to the year-end.

Note 34: Income taxes

The breakdown of Income taxes in 2024 and 2023 was as follows:

(in Euro)	2024	2023
Deferred tax income	(731,648)	(849,373)
Deferred tax charges	4,735,706	(4,470,558)
Income from tax consolidation	-	(118,464)
Taxes from previous year	(759,567)	624
Other	3,981,035	37,615
Total income taxes	7,225,526	(5,400,157)

The IRES and IRAP rates applied by the company on estimated assessable income in the year are respectively 24% and 3.9%, for current taxes and for the calculation of deferred taxes.

For further information, please refer to note 18.

The reconciliation of the tax charge is reported in the table below:

	Dec 31, 24	Dec 31, 23
Income before taxes	(31,436,762)	(34,718,990)
Theoretical IRES charge	(7,544,823)	(8,332,557)
Lower taxes:		
- dividends from investments	(2,006,400)	-
- super & hyper depreciation	(721,983)	(745,336)
- 4% Post-employment benefit provisions	(17,708)	(312,293)
- Plant & R&D grants	(29,028)	(137,231)
- Other	-	(39,737)
Higher taxes:		
- goodwill write-down	4,649,280	4,080,000
- other non-deductible costs	214,101	226,707
Total income taxes (IRES)	(5,456,560)	- 5,260,447
Taxes for previous financial years	22,785	(7,859)
Write-down of receivables for withholding taxes paid abroad	3,981,035	37,615
Imposed write-downs on losses carried forward, ACE and timing of previous years	3,619,809	-
Deferred tax assets not accrued on 2024 losses and timing	5,121,756	-
TOTAL INCOME TAXES (IRES)	7,288,825	(5,230,691)
IRAP deferred tax charge	(100,375)	(100,375)
IRAP deferred tax income	37,077	(69,091)
Total taxes recognised to the Income statement	7,225,526	(5,400,157)

Note 35: Leasing contracts

The tables below summarise the effects on the Company financial statements at December 31, 2024 concerning the valuation of the "Right-of-use" ("ROU") of assets from operating lease contracts, as required by IFRS 16 - Leases. For the indication of the balance sheet accounts which include these assets, reference should be made to Note 2.

Economic effects from assets consisting of the right-of-use (ROU) on the income statement for the period:

(Euro.000)

Economic effect from ROU assets	2024
Operating lease contract charges	2,022
Contracts classified as short-term leases	1.4
Contracts classified as low-value assets	-
Total service costs	2,023
Land & buildings	(459)
Industrial & commercial equipment	(492)
Other tangible assets	(934)
Total depreciation	(1,885)
Income from sub-leasing contracts	-
Sales and leaseback transaction	-
Total other charges/(income)	-
Interest charges on financial liabilities	140
Total financial charges	140

Effects on the balance sheet from right-of-use assets:

(Euro.000)	December 31, 2024
Net investments accounted as ROU as at 1.1.2024	6,834
Increases in the year	1,195
Early settlements in the year	(68)
Depreciation and amortisation of the year	(1,885)
Exch. diff.	-
Net investments from ROU assets at 31.12.2024	6,075
Payable for financial liabilities from ROU assets at 1.1.2024	7,002
Commitments in the year	1,195
Early settlements in the year	(69)
Cash outflows	(1,882)
Exch. diff.	0
Gross value of liabilities from ROU assets at 31.12.2024	6,246
Obligations for short-term lease contracts	0
Obligations for low-value asset contracts	4
Total obligations for lease contracts with recognition to costs of payments due	4

Effects on future cash flows from right-of-use assets:

(Euro.000)	December 31, 2024
Within the year	1,751
Between 1 and 5 years	3,390
Over 5 years	1,105
Total liabilities deriving from operating lease contracts	6,246

Note 36: Share-based payments

At December 31, 2024, the company holds 650,327 own shares, with no new purchases during the 2024 financial year. Treasury shares are put at the service of the long-term incentive plan reserved for employees and/or collaborators of the company and/or subsidiaries companies, in order to incentivise achievement of the medium-term plan.

At the date of the present financial statements, there are stock-option plans which provide for payments to identified parties, based on the value of the share price. The table below shows the economic effects deriving from these instruments:

Costs deriving from share-based payment transactions	2024	2023
Costs from equity-settled share-based payment transactions	(250,253)	620,344
Total costs deriving from share-based payment transactions	(250,253)	620,344

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

In April 2021, the Shareholders' Meeting approved 3 new incentive plans, with the following characteristics:

- **2021-2025 Performance Shares Plan:** provides for the identification and nomination by the Board of Directors of executives and employees of the company and/or of the subsidiaries, with the objective of:
 - better aligning the interests of management and the creation of shareholder value with a view to medium to long-term sustainability;
 - strengthening the motivation of management to pursue objectives that are not only profitable/business-related but that also create value for shareholders;
 - ensuring a high level of attraction and retention of key personnel, offering remuneration packages in line with market practice.

The Plan has a multi-year duration and is divided into 3 cycles ("rolling"), each of three years.

- **2021-2023 Restricted Shares Plan:** provides for the identification and nomination by the Board of Directors of 4 executives, from among those who play a key role in achieving the SIT Group's objectives. Through the adoption of the plan, the Company seeks to ensure a high level of retention of key personnel, offering remuneration packages in line with market practice, taking

into account in particular the combined incentive effect of the performance shares plan of which the Beneficiaries are also recipient.

- 2021-2024 Advisory Board Share Remuneration Plan: to incentivise the Advisory Board to undertake its consultative functions effectively through an incentive system linked to the achievement of performance objectives over an extended period. The Plan in addition furthers the creation of shareholder value with a view to medium to long-term sustainability.

The Board of Directors identified by name the beneficiaries of the plans described above. The following table illustrates the number and average weighed exercise price (PMPE) of the options during the year:

2024		
2021-2023 Performance Shares Plan 1st Cycle	No. options	Weighted average price
Outstanding at January 1	131,942	7.26
Assigned during the year	-	-
Cancelled during the year	-	-
Exercised during the year	(96,861)	7.26
Change in the year	(35,081)	7.26
Expired during the year	-	-
Outstanding at December 31	-	-
Exercisable at December 31	-	-

The first cycle of Performance Shares ended in the first half of 2024 with the achievement of 72.5% of the targets set, resulting in the conversion of units into the same percentage. The effect on the income statement relating to the release of the cost previously allocated is equal to Euro 263 thousand.

(Euro.000) 2024		
2021-2023 Restricted Shares Plan	No. options	Weighted average price
Outstanding at January 1	67,436	7.26
Assigned during the year	-	-
Cancelled during the year	-	-
Exercised during the year	(67,439)	7.26
Change in the year	3	7.26
Expired during the year	-	-
Outstanding at December 31	-	-
Exercisable at December 31	-	-

The Restricted Shares plan was completed in the first half of 2024 with the achievement of 100% of the targets set, resulting in the total conversion of the units assigned.

(Euro.000) 2024		
2021 - 2024 Advisory Board Plan	No. options	Weighted average price
Outstanding at January 1	30,000	9.65
Assigned during the year	-	-
Cancelled during the year	(30,000)	9.65
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at December 31	-	-
Exercisable at December 31	-	-

The Advisory Board's plan ended in the first half of 2024 with the failure to achieve the objectives set, not involving the conversion of any of the assigned units. The effect on the income statement relating to the release of the cost previously allocated is equal to Euro 289 thousand against the redefinition of the fair value before the end of the vesting period. Below is information on the two cycles of the incentive plan still in progress:

2024		
2022-2024 Performance Shares Plan 2nd Cycle	No. options	Weighted average price
Outstanding at January 1	145,225	4.41
Assigned during the year	-	-
Cancelled during the year	(29,073)	4.41
Exercised during the year	-	-
Change in the year	-	-
Expired during the year	-	-
Outstanding at December 31	116,152	4.41
Exercisable at December 31	-	-

2024		
2023-2025 Performance Shares Plan 3rd Cycle	No. options	Weighted average price
Outstanding at January 1	169,595	1.71
Assigned during the year	-	-
Cancelled during the year	(10,490)	1.71
Exercised during the year	-	-
Change in the year	-	-
Expired during the year	-	-
Outstanding at December 31	159,105	1.71
Exercisable at December 31	-	-

The fair value of the options allocated is measured at the allocation date, taking into account the terms and conditions on which the options were granted.

For the performance shares and restricted shares plan, the model estimated the actual value based on expected dividends and the discount rate for the vesting period.

The Monte-Carlo simulation model was used for the advisory board plan.

The table below provides information utilised in the model for the plan adopted for the year December 31, 2021, and which remains valid for the current year:

2021-2023 Performance Shares Plan Assumptions for the measurement of the plan fair value 1st Cycle	2021
Weighted fair value at the measurement date	7.26
Dividend yield (%)	3.91
Interest free risk rate (%)	(0.74)
Expected useful life of the options (in years)	2.6

2021-2023 Restricted Shares Plan	
Assumptions for the measurement of the plan fair value	2021
Assumptions for the measurement of the plan fair value	7.26
Weighted fair value at the measurement date	3.91
Dividend yield (%)	(0.74)
Interest free risk rate (%)	2.6
2021 - 2024 Advisory Board Plan	
Assumptions for the measurement of the plan fair value	2021
Assumptions for the measurement of the plan fair value	9.65
Weighted fair value at the measurement date	3.91
Dividend yield (%)	31
Expected volatility (%)	(0.74)
Interest free risk rate (%)	2.6
Expected useful life of the options (in years)	Monte - Carlo
Model adopted	33

Shown below is the information utilised in the model for the second and third cycle of the Performance Shares Plan:

2022-2024 Performance Shares Plan	
Assumptions for the measurement of the plan fair value	2022
2nd Cycle	
Weighted fair value at the measurement date	4.41
Dividend yield (%)	5
Interest free risk rate (%)	2.45
Expected useful life of the options (in years)	2.6
2023-2025 Performance Shares Plan	
Assumptions for the measurement of the plan fair value	2023
3rd Cycle	
Weighted fair value at the measurement date	1.71
Dividend yield (%)	0
Interest free risk rate (%)	3.10
Expected useful life of the options (in years)	2.5

The calculation of the expected volatility reflects the assumptions that the historical volatility is indicative of future trends which may not coincide with the actual outcome.

The expected useful life of the options is based on historical data and is not necessarily indicative of possible exercise profiles.

OTHER INFORMATION

Information on transactions with related parties

At its meeting on June 11, 2021, the Board of Directors of SIT approved the update to the procedure for transactions with related parties, pursuant to art. 4 of the Consob Regulation containing provisions on transactions with related parties, adopted by Consob with resolution no. 17221 of March 12, 2010 as subsequently amended, most recently, with Consob resolutions no. 21623 and 21624 of December 10,

2020, and published on the website www.sitcorporate.it in the Corporate Governance, Governance Documents section.

Transactions with the parent company and other related parties

SIT's main transactions with related parties are those with the parent company Technologies SAPA of F.D.S. S.S., with the company Findest S.p.A. and the company Hybitat S.r.l. . the balances of which at the balance sheet date are shown in the following table (in thousands of Euro):

Dec 31, 24	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
<i>Technologies SAPA di F.D.S. S.S.</i>	14	-	-	173	-	5,173	33	-
With holding company	14	-	-	173	-	5,173	33	-
<i>Hybitat S.r.l</i>	64	0	-	-	550	-	103	-
With associated company	64	0	-	-	550	-	103	-
<i>Findest S.p.a.</i>	34	2	-	49	-	-	211	-
Transactions with other related parties	34	2	-	49	-	-	211	-

The following table shows the transactions with related parties in the previous year:

Dec 31, 23	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
<i>Technologies SAPA di F.D.S. S.S.</i>	24	-	-	-	-	-	18	-
With holding company	24	-	-	-	-	-	18	-
<i>Hybitat S.r.l</i>	37	-	-	-	150	-	39	-
With associated company	37	-	-	-	150	-	39	-
<i>SIT Immobiliare S.p.a.</i>	18	-	-	-	-	-	17	-
<i>SIT Technologies S.p.a.</i>	24	2	-	15	-	-	1,033	-
Transactions with other related parties	42	2	-	15	-	-	1,050	-

SIT's operating revenues towards Technologies SAPA, F.D.S. S.S., SIT Technologies S.p.A. and Hybitat S.r.l refer to consultancy and assistance services in the financial, administrative, tax and management control sectors provided by the Company under a service contract.

It should be noted that SIT S.p.A., SIT Technologies S.p.A. (now referred to as Findest S.p.A.), SIT Immobiliare S.p.A. (incorporated into Findest S.p.A. in 2024) and Metersit S.r.l. have adhered for the three-year period 2022 – 2024 to the National Tax Consolidation procedure, an institution governed by Legislative Decree no. 344 of 12 December 2003 and in particular by articles 117 to 129 of the T.U.I.R., with Findest S.p.A. as consolidating company and the other companies as consolidated companies, as per the resolution of the respective administrative bodies. The subsidiary SIT Metering s.r.l. has adhered to the National Tax Consolidation procedure for the three-year period 2023 – 2025 and the parent company Technologies SAPA of F.D.S. S.S. for the three-year period 2024 – 2026, both as consolidated entities.

Finally, we would like to point out that since fiscal year 2020 SIT Technologies S.p.A. (now referred to as Findest S.p.A.), as parent company, SIT S.p.A., SIT Immobiliare S.p.A. (incorporated into Findest S.p.A. in 2024) and Metersit S.r.l., as subsidiaries, have adhered to the Group VAT settlement procedure, provided for by art. 73 last paragraph of Presidential Decree 633/1972 as resolved by the respective administrative bodies during 2019. The subsidiary SIT Metering s.r.l. and the parent company Technologies SAPA of F.D.S. S.S. have joined the VAT group procedure since the 2021 and 2023 financial

years respectively.

As of December 31, 2024, the Company's credit balance towards the Parent Company Findest S.p.A. amounted to Euro 211 thousand.

Intercompany transactions

The transactions carried out by the Parent Company with subsidiaries essentially concern the sale and purchase of finished products, raw materials, components and semi-finished products used in production or distributed for sale, the provision of industrial and general services, royalties against the use of particular intangible assets and the obtaining and use of funding with direct or indirect investees.

They are undertaken as part of ordinary operations and the volumes traded reflect the process underway for the ongoing improvement of operational and organisational standards, in addition to the optimisation of synergies.

In terms of the financial aspects, the subsidiaries operate independently, although the Parent Company provides centralised treasury and financial coordination for the Group companies. For these treasury services, the Parent Company operates with Group companies through one or more current accounts.

During 2024, the Company carried out the following transactions with subsidiaries and at the 2024 reporting date the outstanding balances are shown in the following table (in thousands of Euro):

Dec 31, 24	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
<i>SIT Gas Controls Pty Ltd (Australia)</i>	1,590	16	1	29	0	1,086	406	29
<i>SIT Manufacturing (Suzhou) Co, Ltd (China)</i>	13,660	2,581	82	0	1,978	0	7,752	5,719
<i>SIT Controls CR, sro (Czech Republic)</i>	20	731	0	101	0	3,181	19	413
<i>SIT Controls Deutschland GmbH (Germany)</i>	95	560	0	36	0	1,154	20	265
<i>Sit Manufacturing N,A, SA de CV (Mexico)</i>	15,890	2,344	294	118	0	274	2,900	249
<i>SIT Controls BV - (Netherlands)</i>	8,371	7,658	8,800	354	0	10,736	3,828	2,897
<i>SIT Romania Srl (Romania)</i>	27,237	42,688	11	36	0	4,189	6,817	9,005
<i>SIT Controls U,S,A, Inc, (USA)</i>	33	184	33	0	123	0	65	85
<i>MeteRSit S,r,l, (Italy)</i>	4,907	6	13	143	0	6,125	3,284	177
<i>SIT Metering S,r,l (Italy)</i>	17	170	1,576	0	28,753	0	1,592	170
<i>JANZ - Contagem e Gestao de Fluidos,SA (Portugal)</i>	777	0	0	110	0	6,370	873	123
<i>SIT Controls Tunisia S,u,a,r,l (Tunisia)</i>	17,290	9,487	413	0	5,965	0	12,626	3,050
<i>Plast Alfin S,a,r,l (Tunisia)</i>	890	2,269	0	9	0	390	698	321
<i>Metersit UK (UK)</i>	28	0	40	0	639	0	78	0
<i>SIT Motors & Blowers Tech (Italy)</i>	1,972	1,769	0	0	0	47	1,332	1,552
Verso imprese controllate	92,777	70,463	11,263	937	37,458	33,553	42,289	24,056

The following table shows the transactions carried out in 2023:

Dec 31, 23	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
<i>SIT Gas Controls Pty Ltd (Australia)</i>	1,609	48	47	2	246	2	187	48
<i>SIT Manufacturing (Suzhou) Co, Ltd (China)</i>	12,853	2,951	72	0	1,911	0	5,979	3,174
<i>SIT Controls CR, sro (Czech Republic)</i>	18	837	0	76	0	2,611	18	466
<i>SIT Controls Deutschland GmbH (Germany)</i>	130	821	0	29	0	1,018	37	332
<i>Sit Manufacturing N,A, SA de CV (Mexico)</i>	11,274	3,138	550	66	7,270	2,089	2,690	505
<i>SIT Controls BV - (Netherlands)</i>	4,734	2,232	0	298	0	8,903	2,920	1,754
<i>SIT Romania Srl (Romania)</i>	31,823	51,567	206	32	0	3,389	5,728	5,153

Company's financial statements at December 31, 2024

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<i>MeteRSit Romania Srl (Romania)</i>	0	0	0	0	0	0	0	0
<i>SIT Controls U,S,A, Inc, (USA)</i>	32	169	48	0	365	0	80	73
<i>MeteRSit S,r,l, (Italy)</i>	2,947	1	0	350	0	1,726	2,802	350
<i>Plast Alfin S,a,r,l (Tunisia)</i>	733	2,205	34	0	0	266	498	148
<i>SIT Controls Tunisia S,u,a,r,l (Tunisia)</i>	23,660	8,480	404	0	5,882	0	11,080	2,107
<i>SIT Metering S,r,l (Italy)</i>	18	163	1,366	0	27,263	0	1,384	163
<i>JANZ - Contagem e Gestao de Fluidos, SA (Portugal)</i>	785	0	56	12	0	711	879	12
<i>Metersit UK (UK)</i>	5	0	24	0	403	0	35	0
Verso imprese controllate	90,622	72,612	2,806	866	43,339	20,715	34,317	14,286

All transactions are carried out at arm's length at normal market conditions.

Remuneration of directors and statutory auditors and independent auditors

The remuneration of directors and statutory auditors for their activities during the year is as follows:

	2024	2023
Director fees	901,600	911,580
Statutory auditor fees	108,283	108,648
Total directors' and statutory auditors' fees	1,009,883	1,020,228

The Company paid the independent auditors a fee of 406 thousand euros, as well as reimbursement of expenses and supervisory fees, broken down as follows:

	2024	2023
Fees paid to the audit firm for audit services	276,781	292,839
Limited review of the consolidated non-financial report	105,000	32,676
Other verification services for the issue of a statement	24,000	19,900
Total	405,781	345,415

Guarantees, commitments and off-balance sheet contingent liabilities

The off-balance sheet commitments at December 31, 2024 were as follows.

	2024	2023
Other unsecured guarantees	45,609,551	73,293,728
Secured guarantees	-	-
Total guarantees	45,609,551	73,293,728

Other unsecured guarantees

The breakdown of the Other unsecured guarantees given by the company to third parties is as follows:

	2024	2023
In the interest of subsidiaries	45,374,082	73,058,259
In own interest	235,469	235,469
Total other guarantees	45,609,551	73,293,728

With regard to the personal guarantees issued in the interest of subsidiaries, these are guarantees issued in the interest of Metersit S.r.l. for Euro 45,374 thousand, in favour of the latter's customers in the context of tenders for the installation of Smart Gas Meters, it should be noted that Euro 6,382 thousand are co-bonds with the same subsidiary Metersit S.r.l..

The guarantees issued in the company's own interest mainly refer to the guarantee granted as a deposit following the signing of the lease agreement for the Rovigo property for Euro 54 thousand and the guarantee granted as a guarantee for the remediation works in the Padua area for Euro 121 thousand.

Secured guarantees

At the reporting date, the company did not have any secured guarantees in place.

Information on off-balance sheet agreements

SIT S.p.A. has undertaken with its clients, suppliers, workers and sector associations and other commercial and financial partners a number of contractual agreements which establish various types of reciprocal commitments of differing durations, whose effects are recognised to the balance sheet to the extent of their compliance with the accounting standards applied, particularly with regards with the accruals principle, while future effects are obviously not recorded to the balance sheet where complying with that established by the accounting standards.

The above-stated agreements may entirely be classified as part of "normal industrial, commercial and financial transactions", considering the size and the organisational complexity of SIT S.p.A. For example purposes and not to be considered exhaustive, we cite: long-term framework contracts with clients and suppliers, agreements with clients for the joint development of new products, consignment stock contracts both for purchases and sales, agency and distribution contracts and outsourcing agreements for assembly, storage, logistical management and other services.

Risk management and financial instruments recognized at fair value

The Group is exposed to financial risks related to the following cases:

- Market risks: (i) exchange rate risk deriving from operations in currencies other than the functional currency of the companies and the Group; (ii) interest rate risk arising from fluctuations in market interest rates; (iii) price risk deriving from changes in the market prices of certain raw materials used by the Group in its production processes;

- Credit risk deriving from commercial relationships with its customers;
- Liquidity risk related to the availability of financial resources and access to the credit market.

The Group has in place corporate policies for exchange rate risk management, interest rate risk management and liquidity management approved by the Board of Directors.

The purpose of these policies is to regulate within a shared framework the management approach, objectives, roles, responsibilities and operational limits in financial risk management activities.

In line with the policies, the Group has centralized the management of financial risks of its subsidiaries in the parent company SIT S.p.A., taking on the role of coordinating processes, operating mechanisms and related organizational procedures at the Group level.

Currency risk

The Group is subject to the risk deriving from exchange rate fluctuations as it operates in an international context in which transactions are conducted in currencies other than the functional currency of the individual companies or of the Group. The Group's exposure to exchange rate risk therefore derives from the geographical distribution of the markets in which it sells its products, the location of its production sites and the use of sources of supply denominated in different currencies.

In order to reduce exchange rate risk, it is a general policy to offset, where possible, exposures of opposite signs with correlated risk profiles (so-called Natural hedging).

In the Group's operations, exposure to exchange rate risk normally arises annually at the time of defining the sales and purchase lists during the setting of the budget exchange rates.

The Group regularly assesses its exposure and manages the exchange rate risk on net exposure, including the use of financial derivatives. Speculative activities are not permitted.

Notwithstanding the validity of the policies and compliance with exchange rate risk management practices and procedures, sudden fluctuations in market rates could have negative effects on the Group's operations, results of operations, balance sheet and financial position, results of operations, and prospects.

The following tables show the turnover in thousands of euros, at the average exchange rate for the year, respectively of revenues and purchase costs of raw materials, consumables and goods, broken down by currency. There were no significant changes in the structure of the exposure compared to the previous year.

Total revenues by currency:

(Euro,000)	2024	% Revenues	2023	% Revenues
EUR	171,818	82.0%	202,842	86.5%
USD	22,172	10.6%	16,808	7.2%
CNY	13,324	6.4%	12,823	5.5%
AUD	1,560	0.7%	1,594	0.7%
GBP	578	0.3%	489	0.2%
Total	209,452	100%	234,556	100%

Total purchase costs of raw materials, consumables and goods broken down by currency:

(Euro.000)	2024	% Purchasing	2023	% Purchasing
EUR	107,887	82.8%	120,534	81.1%
USD	22,281	17.1%	27,929	18.8%
AUD	-	0.0%	47,0	0.0%
CNY	164,2	0.1%	24,0	0.0%
CHF	10,3	0.0%	22,0	0.0%
Total	130,343	100%	148,556	100%

During the 2024 financial year, in line with company policies, the Company carried out financial hedging transactions limited to the ordinary cash management of the Group's treasury, operating in this regard in the main currencies.

Foreign exchange risk hedging transactions outstanding at the balance sheet date and their fair value at the same date are disclosed in Notes 9 and 19.

The Group's financial debt is denominated entirely in Euro, while the breakdown by currency of the balances of unrestricted bank accounts is shown in the following table:

(Euro)	31,12,2024
Euro	5,146,212
U.S. Dollar	85,863
Chinese Yuan	1,028,361
Other Currencies	12,800
Totale	6,273,236

With reference to these items in the financial statements, the potential loss deriving from a hypothetical unfavorable change in the exchange rate of the Euro equal to 10% would have a negative impact of Euro 113 thousand without considering the effect of the existing hedges in this sensitivity analysis.

Interest rate risk

The Group is subject to the risk arising from fluctuations in market interest rates as it holds assets and liabilities that are sensitive to changes in market interest rates.

SIT regularly assesses the exposure to the risk of changes in interest rates and manages these risks also through the use of derivative financial instruments in accordance with the provisions of the company policies. These policies define the financial instruments that can be used and the prohibition of speculative activities.

Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing interest risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position, financial position, results of operations and prospects.

During 2024, following the renegotiation of the main loan contracts, some of the interest rate hedging transactions outstanding at the date of the 2023 financial statements were extinguished and remodulated in line with the new financial profile of the renegotiated debt.

It therefore appears that at the balance sheet date the Group has outstanding term loans and bonds for a principal nominal amount of Euro 125.5 million. These loans are currently covered through Interest Rate

Swaps or fixed-rate interest for an amount of Euro 84.2 million, equivalent to 67.1% of the underlying value. The average fixed coverage rate is 3.25%.

Hedging transactions outstanding at the balance sheet date and their fair value at the same date are disclosed in the Explanatory Notes 4 and 9, for the non-current portion and for the current portion respectively.

SENSITIVITY ANALYSIS

All other things being equal, the effects deriving from a hypothetical increase of 100 basis points in the floating interest rate would have led to an increase in financial charges for SIT for the year 2024 of Euro 742 thousand, considering the hedges in place during the period. The same simulation carried out for the previous year, again considering the existing hedges, would have resulted in an increase in financial charges of Euro 587 thousand.

Risk of fluctuations in commodity prices

The production costs of the SIT Group are influenced by the prices of certain raw materials, such as copper, aluminium and lithium, as well as by the costs of electronic components, both as a result of direct purchase and by the effect of fluctuations in their price on the purchase cost of components and semi-finished products containing a significant quantity.

To mitigate these risks, SIT constantly monitors the availability of raw materials on the market, as well as the trend in the relative price, to promptly identify any shortage situations and then to activate suitable actions to ensure the necessary production autonomy and to keep its production cost competitive. In addition, the Group, when it deems it appropriate, in relation to the expected trends, enters financial contracts to hedge the risk of fluctuations in raw material prices.

The 2024 financial year did not record any discontinuity events in the supply markets such as to lead to shocks on prices or on planning and delivery times. Inflationary phenomena, although higher than in recent history, have partially receded. Volatility in transport costs has remained in place, often linked to localized geopolitical problems or tensions which, however, have had an effect on global supply networks. Energy also recorded a downward trend compared to the previous year, but remains exposed to sudden fluctuations for exogenous reasons that are difficult to predict.

During the year, the electronic components market essentially normalised, although some codes used by the Group continue to be subject to very long delivery lead times.

Credit risk

The credit risk deriving from the normal operations of the Group companies with commercial counterparties is managed and controlled as part of the procedures for entrusting and monitoring the credit standing of customers with the aim of ensuring that sales are made to reliable and solvent customers. Credit management activities are coordinated by the Parent Company for all Group companies through periodic reporting and meetings and are based on the information available on the solvency of customers considering historical data and associating exposure limits for individual customers. In addition, the schedule of trade receivables is constantly monitored during the year in order to anticipate and promptly intervene on credit positions that present a greater degree of risk.

At the balance sheet date, there were no significant credit risk positions. For further details on the breakdown of trade receivables, please refer to Note 6.

Working capital

The Heating & Ventilation sector was affected by significant fluctuations in market demand resulting from changes in the regulations on sector incentives and the impact of inflation on household spending. In addition, as is often the case in the electronic components sector, production capacity shortages and growth in demand had lengthened delivery times, creating strong rigidities in the supply chain. Therefore, at the beginning of 2024, a risk related to the management of working capital persisted in the Group, with particular reference to the management of inventories, due to the market and management dynamics of 2023 and partly of 2022.

The problem concerned in particular the Heating & Ventilation segment of the business and some stocks of Smart Gas Metering electronics.

Given this situation, the Group has adopted appropriate policies aimed at reducing the size of stocks:

- with reference to raw materials, applying a conservative approach towards suppliers, adapting the supply schedule to the slowdown in production;
- With reference to finished products, stricter conditions have been applied to the customer regarding the management of orders in the portfolio, providing for the possibility of cancellation only with adequate notice consistent with production and delivery times.

These management policies have made it possible to reduce the level of stocks at the end of the period, while still guaranteeing service levels in the presence of seasonality that manifests itself in the central part of the year.

At Company level, the trend in inventories was also affected by the changes in the production footprint implemented during the year, including in particular the closing of production activities at the Dutch plant and the allocation of certain electronics products between internal and external plants.

The inventory level as of December 31, 2024 was Euro 26.7 million while as of December 31, 2023 it was Euro 26.1 million compared to Euro 33.8 million as of June 30, 2023 and Euro 30.3 million as of December 31, 2022.

Liquidity risk

Liquidity risk may arise from the difficulty of finding the financial resources necessary to guarantee the operations of the Company and the Group at economic conditions and within the required timeframe.

With this in mind, SIT has adopted a series of policies aimed at optimising the management of financial resources to reduce liquidity risk by:

- maintaining an adequate level of available liquidity;
- obtaining adequate credit lines;
- monitoring of prospective liquidity conditions with the support of internal business planning processes

The Group's cash flows, financial requirements and temporary cash and cash equivalents are closely monitored and managed centrally by the Parent Company, which carries out the Group's treasury

activities and financial coordination with the aim of ensuring effective and efficient management of financial resources in relation to changes in the macroeconomic conditions of reference.

Coming to the 2024 financial year, the Group recorded a reduction in consolidated revenues of 8.2% during the year compared to 2023.

While Metering as a whole marks a trend in line with the previous year, the decrease is attributable to the Heating & Ventilation business, which recorded a reduction of 11.7% compared to 2023, which in turn had marked a reduction of 25.8% compared to 2022.

The sector is clearly in a phase of discontinuity with respect to the past, influenced by exogenous factors and regulatory changes in the context of the energy transition.

Starting from the end of 2023, in the face of the expected impossibility of meeting existing financial commitments, the Directors initiated discussions with the banking sector which led to the signing in April 2024 of a series of agreements amending certain loan relationships, agreeing on the extension of the original maturities by 24 months and the remodulation of the repayment profile with maintenance of the current interim cadences, as well as the redefinition of the levels of financial covenants to reflect the changed income and financial prospects of the Group in the short and medium term.

A loan was also disbursed to SIT by the majority shareholder for Euro 5 million, interest-bearing, with capitalization of the related financial charges, subordinated and subordinated to the financial debt.

Following the signing of the agreements, starting from the second half of the year, management showed a market trend lower than expected and the economic and financial forecasts formulated by the Company when updating its annual financial statements. In response to these indications, the Company continued to operate on the efficiency measures already envisaged – such as the closure of production activities in the Dutch plant and warehouse reduction policies – and activated a series of further actions aimed at adapting the economic and financial profile to the new context.

The 2024 financial year, although presenting lower results than originally expected and compared to the previous year, was nevertheless carried out regularly and all the Group's financial commitments were met.

On 4 February and 21 March 2025, the Board of Directors approved the 2025 Budget and the Multi-year Strategic Plan (PAM 2025 – 2029) respectively, the latter subject to an Independent Business Review (IBR) by an independent expert.

On the basis of the two aforementioned documents, the future evolution of liquidity has been projected through the preparation of a monthly cash plan over the 2025-2026 time horizon taking into account operational, current and non-recurring and financial details. It can be seen that the greatest financial need manifests itself in the first part of 2025 with a favorable seasonality in the second half of the year that will allow the repayment commitments defined in the April 2024 agreements to be met. Also in 2026, the impacts of seasonality will manifest themselves similarly and the projections do not show any particular criticalities. In the basic scenarios, both financial commitments and contractual covenants, on the basis of the contractual mechanisms envisaged with reference to their measurement, provide reasonable evidence of being respected.

The basic scenario of cash profile planning was also subjected to a series of sensitivities on some key hypotheses - such as the reduction in turnover, the worsening of margins and the simulation of the impact of US duties on market demand - aimed at quantifying the margins of flexibility with respect to the existing credit lines. The sensitivities highlighted by the independent expert advisor in the IBR were not included in the projections as they did not show an impact on the horizon analyzed for liquidity purposes.

The impact of sensitivities on the monthly cash flow trend highlighted the greatest attention profiles in the first half of 2026 with respect to which the Company has identified a series of mitigation actions that can be implemented to manage these possible peaks. These are both operational actions, which act on investment timing or working capital conditions, and financial actions by resorting to some credit ceilings that are not currently used.

Coming to the financial covenants, as already mentioned, the basic scenarios contained in the Budget and the Strategic Plan do not highlight critical issues regarding compliance with the parameters. However, to assess the headroom on these parameters, starting from the base hypothesis, several stress scenarios were simulated in particular on three key maturities: 30 June 2025, 31 December 2025 and 30 June 2026. The values of the contractual covenants in place as of December 31, 2024 and on the dates mentioned are as follows:

	December 31, 2024	June 30, 2025	December 31, 2025	June 30, 2026
Leverage ratio (Net financial position/Ebitda adj)	5.50x	4.90x	3.90x	3.90x
Interest cover (Ebitda adj/ Net financial charges)	3.0x	4.0x	4.0x	5.0x
Debt / Equity (Net financial position/Equity)	1.5x	1.5x	1.5x	1.5x
Liquidity Covenant (Minimum amount of liquidity and short-term lines available)	€5 milioni €7 milioni	€5 milioni €7 milioni	€5 milioni €7 milioni	n/a
Capex Covenant (Maximum annual level of investment)	€24 milioni	n/a	€23.5 milioni	n/a

It should be noted that financial covenants are defined on the basis of the definitions contained in the loan agreements.

As of December 31, 2024, the covenants were met, while the breakeven level of the covenants relating to Debt/Equity and Interest Cover was verified on the maturities subject to the stress test, depending on the reduction in revenues and margins of the Group.

In light of the analyses carried out, after assessing the uncertainty profiles related to the achievement of the results envisaged in the Budget and the economic-financial plan, including the revenue growth targets, and the realization of the assumptions underlying the cash plan for 2025 and 2026, taking into account the performance of the first months of the current year and the rescheduling of loans as defined in the April 2024 agreements, of the forecasts drawn up and any actions that may be taken in the management of liquidity, it is believed that the Group's financial commitments are consistent, in terms of amount and timing, with current and prospective availability and that the financial covenants in place can be reasonably complied with also due to the contractual mechanisms envisaged with reference to their measurement.

Strumenti finanziari iscritti al Fair Value

IFRS 13 defines the following three hierarchical fair value levels to which reference should be made for the measurement of financial instruments recorded in the balance sheet:

- Level 1: listed prices on active markets for identical assets or liabilities;
- Level 2: technical valuations (based on direct and indirect observable market data)
- Level 3: technical valuations (not based on observable market data)

With regards to the financial instruments recognised to the financial statements at Fair Value at December 31, 2024, the following table outlines the type of instrument, its value at the reporting date and the fair value hierarchy utilised:

(In euro)

Transaction type	Value at Dec 31, 24	Valuation criterion	Level 1	Level 2	Level 3
Interest Rate Swap	(716,347)	Fair Value		(716,347)	
Forex Forward	(59,486)	Fair Value		(59,486)	
Commodity Swap	-	Fair Value		-	

During the 2024 financial year, there were no transfers between the three fair value levels indicated in IFRS 13.

A similar table is shown for the financial instruments recorded at fair value as at December 31, 2023:

(In euro)

Transaction type	Value at Dec 31, 23	Valuation criterion	Level 1	Level 2	Level 3
Interest Rate Swap	2,931,409	Fair Value		2,931,409	
Forex Forward	(20,070)	Fair Value		(20,070)	
Commodity Swap	-	Fair Value		-	

For further details on the risks identified, please refer to the Directors' Report.

Market and competition law - Law No. 124 of August 4, 2017, paragraph 125

In accordance with the disclosure obligation as per paragraph 125 of Article 1 of Law 124/2017, replaced by Article 35 of Leg. Decree 34/2019, the grants and subventions received from the public sector are showed in the table below:

Agency	Grants received in accordance with Law 124/2017 Sec. 125	Title
4.Manager - Rome	3,000	Contribution provided for by Article 9, paragraph of the CCNL for executives
Simest S.p.A. – Rome	7,874	Low-interest loan for Business Participation in Fairs and Exhibitions
Simest S.p.A. – Rome	5,249	Non-repayable loan for the participation of companies in Fairs and Exhibitions
Simest S.p.A. – Rome	23,457	Low-interest loan for technical assistance programs for training in foreign countries
Simest S.p.A. – Rome	15,638	Non-repayable loan for technical assistance programs for training in foreign countries
Total	55,218	

Events reported after the end of the year

With reference to events occurring after the end of the year, please refer to the section "Significant events occurring after the end of the year".

For proposals to the Shareholders' Meeting on the allocation of the 2024 result, please refer to the specific report on the management of the Directors.

Padua, April 17, 2025

Chairman of the Board of Directors
(Dott. Federico de' Stefani)

DECLARATION ON THE COMPANY'S FINANCIAL STATEMENTS
PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971

Declaration on the Company's Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

The undersigned Federico de' Stefani, Chairman and Chief Executive Officer, and Paul Fogolin, Executive Officer for Financial Reporting, of Sit S.p.A., declare, and also in consideration of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998:

- The adequacy considering the company's characteristics and
- The application of the administrative and accounting procedures for the compilation of the Company's financial statements for the period January - December 2024.

In addition, we declare that the financial statements:

- corresponds to the underlying accounting documents and records;
- were prepared in accordance with International Financial Reporting Standards adopted by the European Union through Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002 and also in accordance with Article 9 of Legislative Decree 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the company;
- the Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The English version of the financial statements of SIT S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815.

Padua, April, 17 2025

The Chief Executive Officer
Federico de' Stefani

The Executive Officer for Financial Reporting
Paul Fogolin

INDEPENDENT AUDITORS' REPORT ON THE COMPANY'S
FINANCIAL STATEMENTS



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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
SIT S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SIT S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Trento Udine Verona
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Impairment test of goodwill relating to Heating & Ventilation CGU

Description of the key audit matter

The financial statements as of December 31, 2024 include goodwill allocated to the Heating & Ventilation cash generating unit ("CGU") amounting to Euro 48,7 million, reflecting an impairment of Euro 19.4 million recognized during the year based on the results of the impairment test.

Goodwill, as required by "IAS 36 Reduction in the value of assets", is not amortized, but is subjected to impairment test at least annually by comparing the recoverable value of the CGU - determined as the value in use according to the "Discounted Cash Flows" methodology - and the carrying amount, which comprises goodwill and other tangible and intangible assets allocated to the CGU.

The impairment test related to the financial statements as of December 31, 2024 was approved by the Board of Directors on April 17, 2025.

The Directors' evaluation process is complex and based on assumptions regarding, among other things, the expected cash flows of the CGU and the determination of appropriate discount rates (WACC) and long-term growth rate (g-rate). These assumptions are influenced by expectations about future performance and market conditions, which introduce elements of inherent uncertainty in the estimates.

Given the relevance of the amount of goodwill recorded in the financial statements, the subjectivity of the estimates related to the determination of the expected cash flows of the CGU Heating & Ventilation and the key variables of the impairment model, as well as the multitude of factors that can influence the market in which the Company operates, we considered the impairment test of goodwill attributable to the mentioned CGU a key audit matter of the Company's financial statements.

The explanatory notes, with particular reference to Note 1 "Goodwill and Other intangible assets", provide information on goodwill, on impairment test and on sensitivity analysis prepared by the Directors concerning the main parameters of the test.

Audit procedures performed

As part of our audit, among other things, we performed the following procedures, also with the support of Deloitte network experts:

- understanding of the main controls put in place by Directors over the process of carrying out and approving the impairment test;
- examination of the methods used by the Directors to determine the value in use of the Heating & Ventilation CGU, analyzing the methods and assumptions used in preparing the impairment test;

- analysis of reasonableness of the main assumptions adopted to formulate the expected cash flows also through sector data analysis and obtaining information from Management;
- analysis of actual data compared to the original plans to assess the nature of the deviations and the reliability of the business plan preparation process;
- evaluation of the reasonableness of discount rate (WACC) and long-term growth rate (g-rate);
- verification of the mathematical accuracy of the model used to determine the value in use of the CGU;
- verification of the correct determination of the carrying amount of the CGU;
- verification of the sensitivity analysis prepared by the Directors in terms of the relevance of the variations considered as well as mathematical accuracy;
- analysis of the adequacy and compliance of the disclosure provided by the Company on impairment test with respect to the requirements of IAS 36.

Going Concern assessment

Description of the key audit matter

The financial statements as of December 31, 2024 report a loss of Euro 38,7 million, which includes Euro 19,4 million relating to the partial impairment of goodwill allocated to the CGU Heating & Ventilation and Euro 7,6 million relating to the write-down of the deferred tax assets and foreign withholdings tax credits, equity of Euro 95.3 million and net financial position of Euro 161.2 million.

In 2024, the Group, comprising SIT S.p.A. and its subsidiaries (the "Group"), recorded a revenue decrease of 8,2% compared to 2023, with a consequent negative effect on operations results. This trend is mainly attributable to Heating & Ventilation division, which experienced a revenue decrease of 11.7% compared to previous year (in 2023, the reduction compared to 2022 was 25,8%).

In this context of contraction of the results, in the last part of 2023 the Directors initiated discussions with banks, leading to the signing, on April 23, 2024 of a series of amending agreements for some of the existing financing arrangements. The agreements provided for a 24-month extension of the original maturities and the restructuring of the repayment profile, as well as the redefinition of financial covenants levels, in line with the changed short-and medium-term income and financial prospects of the Group. These agreements were based on a business plan prepared with reference to the 2024-2027 period.

Following the signing of the aforementioned agreements, starting from the second half of 2024, the market performance was lower than expected. During the first months of 2025, Management consequently updated the Group's Business Plan for the period 2025 – 2029 (the "Plan"), which was approved by the Board of Directors on March 21,

2025 and subjected to an Independent Business Review by an independent expert.

The Business Plan presents objectives, in terms of revenues and results, lower than the previous plan and demonstrates the ability of the Group to meet its financial commitments and comply with the financial covenants in the next years.

Directors, therefore, also considering the related analyses of the monthly cash flows for the years 2025 and 2026, concluded that the use of the going concern assumption is appropriate in the preparation of the financial statements as of December 31, 2024.

Given the contraction of Company's and Group's results in recent years, the adverse dynamics of the main market and the relevance of the related potential impacts on the assessment of the appropriateness of the going concern assumption, we considered this assessment a key audit matter of the Company's financial statements.

The "Going Concern" paragraph of the explanatory notes contains the information provided by Directors regarding the considerations performed about the assessment of the appropriateness of the going concern assumption in the preparation of the financial statements considering the uncertainties associated with achieving the objectives set out in the Business Plan.

Audit procedures performed	As part of our audit, among other things, we performed the following procedures: • understanding of the analyses conducted by Directors regarding the assessment of the appropriateness of the going concern assumption; • examination of the agreements signed with banks on April 23, 2024; • Examination of the new 2025-2029 Group's business plan and of the monthly cash flows prepared by Directors based on the business plan for the years 2025 and 2026 and analysis of the reasonableness of the related assumptions, also through the review of the Independent Business Review prepared by an independent expert appointed by the Company; • Examination of the sensitivity analyses prepared by Directors based on the monthly cash flows; • Meetings and discussion with Management and Statutory Auditors of the Company on the relevant elements of the Directors' going concern assessment; • Review of the minutes of the Company's corporate bodies meetings; • Analysis of the subsequent events that may have an impact on the going concern assessment;

- Examination of the appropriateness of the disclosures reported in the financial statements related to the going concern assumption.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union [and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05][and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15] and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SIT S.p.A. has appointed us on April 26, 2018 as auditors of the Company for the years from December 31, 2018 to December 31, 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of SIT S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98.

The Directors of SIT S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of SIT S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;
- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of SIT S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padova, Italy
April 30, 2025

As disclosed by the Directors on page 414, the accompanying financial statements of SIT S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

BOARD OF STATUTORY AUDITORS' REPORT

SIT S.P.A.
Registered office in Padova - Via dell'Industria n. 31
Share capital euro 96.162.195 i.v.
Registered in the Register of Companies of Padova e codice fiscale 04805520287
REA of Padova n. 419813

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**Report of the Board of Statutory Auditors to the Shareholders' Meeting
pursuant to art. 153 of Legislative Decree no. 58/1998 and art. 2429 Civil Code**

Dear Shareholders,

This report, prepared pursuant to art. 153 of Legislative Decree no. 58/1998 (Consolidated Law on Finance, or TUF) and art. 2429 of the Italian Civil Code, reports on the supervisory activities carried out by the Board of Statutory Auditors of the Company SIT S.p.A. (hereinafter also the "Company") during the financial year ended 31 December 2024, adhering to the "Rules of conduct of the Board of Statutory Auditors of listed companies" issued by the National Council of Chartered Accountants and Accounting Experts in December 2024, to the recommendations of Consob on corporate controls and activities of the Board of Statutory Auditors and to the indications of the Corporate Governance Code drawn up by the Corporate Governance Committee and adopted by the Company. The Board of Statutory Auditors also carried out supervisory activities in its capacity as Internal Control and Audit Committee.

The Board of Statutory Auditors, composed of Matteo Tiezzi (Chairman), Loredana Anna Conidi and Saverio Bozzolan (Standing Auditors) was appointed by the Shareholders' Meeting of 3 May 2023 and will end its term of office with the Shareholders' Meeting to approve the financial statements as at 31 December 2025. The appointment took place in accordance with the law and the Articles of Association, on the basis of the lists submitted by the shareholders, also taking into account the provisions on gender balance.

The Board of Statutory Auditors verified, at the time of acceptance of the appointment and subsequently during the session, the possession by its members of the requisites of integrity and professionalism provided for by Ministerial Decree no. 162 of 30 March 2000, the absence of causes of forfeiture and ineligibility and the possession of the independence requirements pursuant to art. 2399 of the Civil Code and art. 148, paragraph 3, of Legislative Decree no. 58 of 24 February 1998 and referred to in the Corporate Governance Code. All the members also declared that they do not hold positions of administration and control to an extent equal to or greater than the limits established by the laws and regulations in force.

The auditing and statutory audit activities are entrusted to the auditing firm Deloitte & Touche S.p.A., which has been appointed as independent auditors for the financial years 2018 - 2026.

In carrying out its institutional activities, the Board of Statutory Auditors acknowledges that it has:

- supervised compliance with the Law and the Statute;
- supervised compliance with disclosure obligations regarding regulated and inside information;
- participated in its collegial composition in all the meetings of the Shareholders' Meeting, the meetings of the Board of Directors and the meetings of the Board Committees established and operating within the Board of Directors and to have received information on a continuous basis from the directors and the company management on the activities carried out, on the general performance of the management and on its foreseeable evolution, on the progress of the strategic projects launched, as well as on the most significant economic, equity and financial transactions carried out during the year;
- having taken note of the statements made by the Directors and the assessments expressed by the Board of Directors and verified the correct application of the assessment procedures adopted to assess the independence of the members of the Board of Directors, in relation to which the Board of Statutory Auditors did not find any elements to be reported in this report;
- having ascertained the adequacy of the composition and functioning of the Board of Directors with particular reference to the preparation of the Company's guidelines and strategic plan, the evaluation of the results being formed, the analysis of the Company's risk profile and the definition of the organisational structure;
- acquired knowledge and supervised, within the scope of its competence, the adequacy of the Company's organisational structure and compliance with the principles of proper administration, the adequacy of the administrative-accounting system and its reliability in correctly representing management facts, through the collection of data and information from the heads of the main corporate functions and the independent auditors;
- assessed and supervised the adequacy of the instructions given to the subsidiaries, pursuant to art. 114, paragraph 2, of Legislative Decree 58/1998;
- maintained contacts with the corresponding Boards of Statutory Auditors of the subsidiaries under Italian law for the purpose of mutual exchange of relevant data and information; No critical profiles emerged from this exchange;
- obtained information on the organisational and procedural activities carried out pursuant to Legislative Decree 231/2001, including through meetings with the Company's Supervisory Body, and exchanged information with the internal control functions, finding no elements to report in this report;
- supervised, as the Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree 39/2010, in relation to (i) the financial reporting process, (ii) the effectiveness of the internal control and risk management system, (iii) the statutory audit of the separate and consolidated financial statements and (iv) the independence of the person in charge of the statutory audit;
- supervised compliance with the procedure for transactions with Related Parties adopted by the Company, not noting the execution of atypical and/or unusual intra-group transactions carried out with related parties and/or capable of significantly affecting the Company's economic and financial position. There were no elements to be reported in this report with regard to the adequacy and correspondence with the Company's interest of transactions with Related Parties; The information on these transactions reported in

the notes to the financial statements and in the report on operations was found to be adequate;

- ascertained that the Report on Corporate Governance and Ownership Structure has been prepared pursuant to Art. 123-bis of the TUF and it provides an analytical illustration of the concrete implementation of the corporate governance rules provided for by the Corporate Governance Code to which the Company adheres; where necessary, in the limited cases in which the Company has decided to deviate from the provisions of this code, it has provided the motivation;
- having ascertained the contents of the Remuneration Report prepared pursuant to art. 123-ter of the TUF, which provides an analytical illustration of the concrete implementation of the remuneration policies. The Board of Statutory Auditors verified the application of the Company's remuneration policies with particular reference, among others, to the Chief Executive Officer and the Head of the Internal Audit function. The Board of Directors, at its meeting of 17 April 2025, verified the achievement of the targets relating to the 2024 MBO plan for the Head of the Internal Audit function. The Board also verified the failure to achieve the targets relating to the MBO plan for the Chief Executive Officer and Executives with Strategic Responsibilities, who were therefore not assigned any short-term variable remuneration. The Board of Statutory Auditors has provided its opinion on these matters in accordance with the provisions of the law;
- met periodically with the Independent Auditors for the exchange of relevant information and data and to supervise the financial reporting process, its adequacy and integrity as well as compliance with the legal provisions relating to the process of preparing the financial statements and their structure and structure;
- received from the independent auditors the "Report to the Internal Control and Audit Committee" required by Article 11 of Regulation 537/EU/2014, which (i) includes the independent auditors' declaration of independence, (ii) illustrates the scope and timing of the audit, describes the methodology used and indicates the quantitative level of overall significance, (iii) indicates the valuation methods applied to the various items of the financial statements without highlighting critical issues on the appropriateness of the accounting standards adopted, (iv) does not raise doubts about the Company's ability to continue to operate as a functioning entity, (v) does not report significant deficiencies in the internal control system in relation to the financial reporting process, (vi) does not contain reports of non-compliance with laws, regulations or statutory provisions, (vii) does not contain reports of limitations on audit activity or the existence of significant difficulties arising from the audit, (viii) does not contain reports of significant aspects in the verification of the compliance of the financial statements with the regulatory requirements on the single electronic reporting format (ESEF); from this report no critical issues were found to be considered significant and therefore worthy of being brought to your attention;
- supervised compliance with the provisions established by Legislative Decree 125/2024, examining, among other things, the Consolidated Sustainability Report, also ascertaining compliance with the provisions governing its preparation pursuant to the aforementioned decree.

Taking into account the information acquired, the Board of Statutory Auditors believes that the activity was carried out in compliance with the principles of proper administration and that both the organizational, administrative and accounting structure that guides the financial

reporting process and the internal control and risk management system are overall adequate to current business needs; the Board of Statutory Auditors also considers that the organisational structure for monitoring non-financial reporting is adequate.

In accordance with the indications provided by Consob in communication DEM/1025564 of April 6, 2001, the following information is provided below:

1. Considerations on the most significant economic, financial and equity transactions carried out by the Company and their compliance with the law and the articles of association

We have obtained from the directors, at least quarterly, information on the activities carried out and on the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries, as well as on the foreseeable evolution of the management as well as the progress of the strategic projects launched and we can reasonably assure you that the actions resolved by the Company and implemented are in compliance with the Law and the Articles of Association are not manifestly imprudent, risky or in contrast with the resolutions adopted by the shareholders' meeting or such as to compromise the integrity of the company's assets.

The most significant transactions carried out during the year that the Board of Statutory Auditors deems necessary to highlight are described below:

- after the signing, in December 2023, of an extension and standstill agreement with the lending banks, in April 2024 the Company signed a financial package with the lenders which, excluding the use of additional protection measures and the absence of requests for new finance, provides for the postponement of the final maturity date of the pool loan by 24 months (to 30 June 2028) and the rescheduling of the repayment in increasing ~~installments~~, the redefinition of the financial parameters, requiring the contribution of the majority shareholder to the extent of five million euros in the subordinated shareholder financing formula;
- in February, the Board approved an industrial and financial plan for the years 2024-2027, including the aforementioned financial manoeuvre;
- in the first months of the year, the production footprint of electronics in the Group's Heating & Ventilation sector was reorganized, transferring a branch of SIT Netherlands' activities to SIT S.p.A.;
- in April 2024, SIT-MBT Srl, a company operating in the segment of fans for extractor hoods, Heating & Ventilation sector, became operational;
- during 2024, the Company made the first sales, through Hybitat, a joint venture company of SIT S.p.A., of energy storage systems capable of storing the renewable energy of photovoltaic panels in the form of hydrogen obtained by electrolysis of water;
- during 2024 Metersit, a Group company operating in the ~~Smat~~ Gas Metering sector, entered into an important commercial agreement concerning meters intended for the English market, thus opening up development prospects in a new market;

- SIT S.p.A. has obtained the confirmation of the Gold rating in the annual CSR performance assessment carried out by Ecovadis, an international ESG rating agency.

In the first months of 2025, the Company started a process of implementing a new corporate organizational structure, based on simplification to achieve a greater degree of efficiency and flexibility, while also reducing costs. The Smart Gas Metering and Water Metering business units have been merged into the new organisation.

At the beginning of 2025, a medium-term plan for the five-year period 2025-2029 was also approved, supported by an Independent Business Review prepared by a leading international consulting firm.

During the discussions with the financial institutions, the executive directors, with the support of the management and also through the contribution of the financial advisor and legal advisors who assisted the Company, updated the Board of Directors on the results being formed, the expectations of results in the short and medium term, the methods of preparing the business plan also with reference to the discussions in place and the progress of the negotiations with the lenders, which ended with the definition of the agreement signed on 29 April 2024.

In the 2024 financial year, although lower results were achieved than originally forecast, the Company nevertheless complied with all the agreements and financial commitments made with the lenders.

In 2024, the Board of Statutory Auditors paid particular attention to the evolution of the economic and financial situation, to the organisational redefinition and operational efficiency projects and, in 2025, to the preparation of the new Medium-Term Plan (PAM) 2025-2029, deepening these issues through constant dialogue with the Control, Risk and Sustainability Committee and through meetings with the Chief Financial Officer and with the Company's Consultants and the Financial Advisor.

2 Indication of the possible existence of atypical and/or unusual transactions, including intra-group or related party transactions.

Intra-group or related-party transactions comply with the law, the bylaws and the procedure on transactions with related parties adopted by the Company; they are not likely to give rise to doubts as to the correctness and completeness of the related financial statements, the existence of situations of conflict of interest and the protection of company assets.

On the basis of the information available to the Board of Statutory Auditors, the existence of atypical and/or unusual transactions has not emerged, as defined in note 2 of CONSOB Communication no. DEM/1025564 of 6/4/2001.

3 Assessment of the adequacy of the information provided, in the directors' management report, with regard to atypical and/or unusual transactions, including intra-group and related-party transactions.

The directors have adequately reported and illustrated, in the specific explanatory notes accompanying both the separate and consolidated financial statements, the main intercompany or related-party transactions, describing their characteristics.

4 Supervision of the Statutory Audit activity

In accordance with the provisions of art. 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors carried out the required supervision of the operations of the independent auditors. In this regard, the Board of Statutory Auditors has met several times with the auditing firm Deloitte & Touche S.p.A., also pursuant to Art. 150 of the TUF, inter alia, with reference to:

- the examination of the Additional Report pursuant to Article 11 of EU Regulation 537/2014,
- the audit activity limited to the Company's Half-Year Report as at 30 June 2024,
- the planning of auditing activities for the Financial Statements for the year ended 31 December 2024,
- the progress of the audit of the Financial Statements for the year ended 31 December 2024 and the results of the audit of the Financial Statements for the year ended 31 December 2024.

In these meetings, the independent auditors have never highlighted facts considered reprehensible or irregularities such as to require reporting pursuant to art. 155, paragraph 2 of the TUF.

5 Observations and proposals on the remarks and disclosure references contained in the independent auditors' report

On 30 April 2025, the independent auditors released the Audit Report on the financial statements for the year ended 31 December 2024 and the Audit Report on the consolidated financial statements for the year ended 31 December 2024 , expressing the following opinions:

- (i) SIT S.p.A.'s financial statements provide a true and fair view of the Company's financial position as at 31 December 2024, the profit or loss and cash flows for the year ended on that date in accordance with the IFRS accounting standards adopted by the European Union;
- (ii) the consolidated financial statements of SIT S.p.A. provide a true and fair view of the Group's financial position as at 31 December 2024, the profit or loss and cash flows for the year ended on that date in accordance with the IFRS accounting standards adopted by the European Union;
- (iii) the Report on Operations and some specific information contained in the Report on Corporate Governance and Ownership Structure indicated in art. 123-bis, paragraph 4 of the TUF are consistent with the financial statements of SIT S.p.A. as at 31 December 2024 and are prepared in accordance with the law;
- (iv) the Report on Operations, excluding the section relating to the Consolidated Sustainability Report, and some specific information contained in the Report on Corporate Governance and Ownership Structure indicated in art. 123-bis, paragraph 4 of the TUF are consistent with the consolidated financial statements of the SIT Group as at 31 December 2024 and are prepared in accordance with the law;
- (v) on the basis of the knowledge and understanding of the company and its context acquired during the auditing activity, no material errors were detected

in the Reports on Operations in both the separate and consolidated financial statements;

- (vi) the separate financial statements of SIT S.p.A. have been prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815;
- (vii) the consolidated financial statements of the SIT Group have been prepared in XHTML format and have been marked, in all significant aspects, in accordance with the provisions of Delegated Regulation (EU) 2019/815.

The aforementioned Reports of the Independent Auditors do not contain any remarks or references to information pursuant to art. 14, paragraph 2, letter d), nor declarations issued pursuant to art. 14, paragraph 2, letters e) and f) of Legislative Decree 39/2010.

The opinion on compliance with the legal provisions does not extend to the section of the Report on Operations relating to the Consolidated Sustainability Statement.

The conclusions on the compliance of this section with the rules governing its drafting criteria and compliance with the disclosure obligations provided for by art. 8 of Regulation (EU) 2020/852 are formulated in the Report issued pursuant to art. 14-bis of Legislative Decree 39/2010.

On 30 April 2025, the independent auditors submitted to the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, the Additional Report provided for in Article 11 of European Regulation 537/2014. On the same date, as provided for by art. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors examined the document and sent it to the Board of Directors together with its observations.

6 Supervisory activities on Sustainability Reporting

The Board of Statutory Auditors recalls that Legislative Decree 125/2024 has transposed into Italian law the provisions of the European Directive 2022/2464 (CSRD, Corporate Sustainability Reporting Directive) which reforms the discipline on corporate sustainability reporting.

Starting from the 2024 financial year, therefore, the Sustainability Report, prepared on a consolidated basis with the same scope as the financial statements, is part of the Directors' Report. The Company has prepared the Sustainability Statement in an independent document.

The Board of Statutory Auditors notes that as part of SIT S.p.A.'s governance model on sustainability, the integration of ESG management with the business operating structures is ensured by the presence of the following figures:

- Corporate Sustainability Director: Director with powers in the ESG field and responsibility for coordinating the Group's Sustainability Plan;
- Management Committee: committees consulted in the definition and implementation of the Sustainability Plan and responsible for the allocation of resources;
- Sustainability Corporate Team: multifunctional team coordinated by the Corporate Sustainability Director and composed of contact persons responsible for the execution of specific projects envisaged in the Sustainability Plan;

- Sustainability & Carbon Emissions Manager: responsible for promoting, coordinating and monitoring the actions envisaged in the Sustainability Plan and reporting on the related results;
- Sustainability Local Units: units spread throughout the organization at Group level, a reference point for sustainability reporting.

A Governance structure is also envisaged that provides for a connection between the various board and control structures:

- the Board of Directors (i) defines the overall vision and strategic orientation of the Company, of which the ESG strategy is an important pillar; (ii) establishes the nature and level of risk deemed compatible with the achievement of the objectives set, including those defined in the ESG strategy; (iii) approves the Sustainability Report on an annual basis, which includes the impacts, risks and opportunities (IROs) identified as material by the materiality analysis, the progress made in achieving them and the sustainability objectives;
- the Control, Risk and Sustainability Committee provides support to the Board of Directors on issues relating to risk management and in assessing the adequacy of the internal control system, also with reference to ESG issues. In addition, before final approval by the Board of Directors, it assesses the suitability of periodic information to accurately represent the business model, corporate strategies, the impact of activities and performance achieved, and examines the content of non-financial information relevant to the internal control and risk management system;
- the Board of Statutory Auditors carries out its supervisory activities in the ESG area, also with regular participation in the meetings of the Board of Directors and the meetings of the Control, Risk and Sustainability Committee; and assesses the suitability of financial and non-financial information to correctly represent the Company's strategy and its sustainability, also with reference to ESG factors.

The Board of Statutory Auditors oversaw the implementation process of the Sustainability Report, which was developed in several phases: (i) the double materiality analysis, which combines the materiality of the impact (*inside-out*) with the financial materiality (*outside-in*) to identify the main impacts, risks and opportunities (IRO) along the corporate value chain; (ii) the data collection process; (iii) the implementation of a reporting system, managed by the Sustainability Corporate Team.

The Sustainability Report was examined by the Control, Risk and Sustainability Committee, which verified, among other things, the correct use of the standards adopted for the purpose of drafting the document.

The Board of Directors approved the Directors' Report, supplemented with the Consolidated Sustainability Report, on 17 April 2025.

On the basis of the envisaged limited audit engagement, on 30 April 2025 the independent auditors issued the Report on the limited examination of consolidated sustainability reporting, prepared pursuant to art. 14-bis of Legislative Decree 39/2010, in which it certified that, on the basis of the work carried out, no elements have come to its attention that suggest that:

- the SIT Group's Consolidated Sustainability Reporting for the year ended 31 December 2024 has not been prepared, in all significant respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive (EU) No. 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS");
- the information contained in the paragraph "Taxonomy – Disclosure pursuant to Article 8 of Regulation (EU) 2022/852" of the Consolidated Sustainability Report has not been prepared, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852 of 18 June 2020 ("Taxonomy Regulation").

The Board of Statutory Auditors, therefore, on the basis of the checks and information acquired, and having examined the documentation made available:

- having taken note that the Sustainability Report included in the Report on Operations has been prepared in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024 and with the specifications adopted pursuant to Article 8, par.4, of Regulation (EU) 2020/852 and of the Council of 18 June 2020;
- having taken note of the contents of the Independent Auditors' Report on Sustainability Reporting for the year ended 31 December 2024 as required by Legislative Decree no. 125 of 6 September 2024, certifies that no elements of non-compliance and/or violation of the regulatory provisions to be reported have emerged.

7 Indication of the possible submission of complaints pursuant to Article 2408 of the Civil Code, of any initiatives undertaken and their outcomes

The Board of Statutory Auditors, during the year ended 31 December 2024, did not receive any complaints pursuant to art. 2408 of the Civil Code.

8 Indication of any submission of complaints, any initiatives undertaken and their results

No complaints were received by the Board of Statutory Auditors.

9 Indication of any additional assignment to the independent auditors and the related costs

During the year ended 31 December 2024, the Company appointed Deloitte & Touche S.p.A. to carry out the following non-audit engagements, which are not prohibited by EU Regulation 537/2014:

- assistance and support for the gap analysis conducted by the Company's Working Group, including through participation in interviews organised and conducted by the Company, with particular reference to the main data/process owners belonging to the structures involved in the process of preparing financial and sustainability reporting, against fees of €57,000 (in addition to administrative expenses amounting to 5% of fees);

- certification activities for the recognition of the tax credit for research and development expenses and technological innovation, against fees of € 20,000 (in addition to administrative expenses in the amount of 5% of the fees) with reference to the activity carried out in favor of the Company and for € 7,000 (in addition to administrative expenses in the amount of 5% of the fees) with reference to the activity carried out in favor of the subsidiary Metersit Srl.

The permitted services other than auditing have been approved in advance by the Board of Statutory Auditors, which has assessed their adequacy in the light of the criteria provided for by EU Regulation 537/2014.

The independent auditors Deloitte & Touche also carried out limited assurance of the SIT Group's Consolidated Sustainability Reporting.

The consideration has been charged to the income statement and is reported in the annex to the financial statements as required by art. 149-duodecies of the Issuers' Regulation.

On 30 April 2025, the independent auditors issued the annual letter confirming independence, as required by art. 6, paragraph 2, letter a) of Regulation (EU) 537/2014, from which no situations that could compromise independence emerge. The Board of Statutory Auditors has taken note of the Transparency Report prepared by the independent auditors pursuant to Article 13 of European Regulation 537/2014, published on its website¹.

Taking into account the tasks conferred by SIT S.p.A. and the companies belonging to the Group on Deloitte & Touche and its network, the Board of Statutory Auditors does not consider that there are any critical aspects regarding the independence of Deloitte & Touche S.p.A.

10 Indication of the possible assignment of appointments to persons related to the independent auditors and the related costs

During the 2024 financial year, the Company did not appoint persons related to the independent auditors.

11 Indication of the existence of opinions issued in accordance with the law during the year

During the year, the Board of Statutory Auditors issued, as required by current legislation, the Corporate Governance Code and the policies and procedures adopted by the Company, the following opinions: (i) opinion on the appointment of Deloitte & Touche to assist in gap analysis, with particular reference to the main data/process owners belonging to the structures involved in the process of preparing the information (ii) opinion on the assignment of the assignment to Deloitte & Touche for the certification for the recognition of the tax credit for research and development expenses and for technological innovation; (iii) opinion on the remuneration policies contained in the Remuneration Report.

12 Indication of the frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors

¹ <https://www2.deloitte.com/it/it/pages/audit/articles/relazione-trasparenza-italy-audit.html>

During the year, the following meetings were held, in which the Board of Statutory Auditors took part in its collegiate composition:

- 1 Shareholders' Meeting,
- meetings of the Board of Directors,
- 6 meetings of the Control, Risk and Sustainability Committee,
- 2 meetings of the Remuneration Committee,
- 1 meetings of the Related Parties Committee.

During the year, the Board of Statutory Auditors met 22 times.

13 Comments on compliance with the principles of sound administration

The Board of Statutory Auditors has no observations to raise on compliance with the principles of proper administration, which appear to have been constantly observed.

14 Observations on the adequacy of the organisational structure

The Board of Statutory Auditors has carried out supervisory activities on the adequacy of the organisational structure and has no comments to report on the Shareholders' Meeting.

15 Observations on the adequacy of the internal control system, in particular on the activities carried out by the persons in charge of internal control and highlighting of any corrective actions taken and/or those still to be taken

The Board of Statutory Auditors monitored the adequacy of the Internal Control and Risk Management System, also proceeding with the assessment with joint meetings with the Control, Risk and Sustainability Committee, with meetings with the Head of the Internal Audit Function, also in order to receive information on the results of the audit activity.

The Board of Statutory Auditors had a periodic exchange of information with the representatives of the Compliance, Risk Management and Internal Audit functions as well as with the Supervisory Body with reference to the analysis and monitoring of the main corporate risks.

The Board of Statutory Auditors, pursuant to Legislative Decree no. 39/2010, has taken note of the checks carried out by the Finance department, also with the support of the Internal Audit function, with reference to the financial reporting processes in accordance with the provisions of Law 262/2005.

16 Observations on the adequacy of the administrative-accounting system and its reliability to correctly represent the management facts

The Board of Statutory Auditors therefore monitored the adequacy of the internal control system and the administrative-accounting system, as well as the reliability of the latter to correctly represent the management facts, by obtaining information from the Manager in charge of preparing the Accounting and Corporate Documents, from the heads of the respective functions, and from the Head of the Internal Audit Function. In addition, the Manager in charge of preparing the Financial and Corporate Documents, making use of the competent corporate structures and with the support of the Internal Audit Function, conducted a monitoring plan that involved the key controls of the processes relevant to financial reporting. The results

that emerged from the programme of activities carried out do not highlight critical aspects relating to compliance with Law 262/2005.

The Board of Statutory Auditors paid attention *to (i)* the process of constant updating of the internal procedures relating to the main business cycles, as well as the verification activities carried out as part of the internal control system; *(ii)* the adoption of administrative procedures aimed at providing the necessary information on the management and on the economic, equity and financial data of companies incorporated and regulated by law of countries not belonging to the European Union that are of significant importance, pursuant to the combined provisions of Articles 36 and 39 of the Market Regulation; *(iii)* the verification that the information flows provided by the non-EU subsidiaries were adequate to conduct the control of the annual and interim accounts as required by art. 15 of the Market Regulation adopted by CONSOB resolution no. 20249 of 28 December 2017.

With regard to the preparation of the annual financial statements, the Board of Statutory Auditors acknowledges that the Board of Directors, after obtaining the opinion of the Control, Risk and Sustainability Committee, approved, in accordance with the requirements of the Joint Bank of Italy/CONSOB/ISVAP Document of 3 March 2010, the compliance of the *impairment test methodology* with the requirements of the international accounting standard IAS36.

To carry out the impairment test, which was conducted on the basis of the PAM approved by the Board of Directors on 21 March 2025 and subjected to an IBR process, the Company relied on the support of a leading independent consulting firm, which analysed the methodology used and the calculations carried out, issuing a favourable opinion on the results that emerged. The notes to the financial statements contain both the assumptions used to carry out the test and the results of the evaluation process conducted, including the results of the sensitivity tests conducted on key hires.

The Board of Statutory Auditors has no comments on the *impairment test* procedure adopted.

17 Observations on the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree no. 58/1998

The Board of Statutory Auditors has become aware of and supervised, within the scope of its competence, the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree no. 58/1998, inter alia, through: *(i)* the information acquired by the Chief Financial Officer; *(ii)* the acquisition of information from the heads of the company functions; *(iii)* meetings and exchanges of information with the Boards of Statutory Auditors of the subsidiaries and *(iv)* meetings with the independent auditors.

The Board of Statutory Auditors has no comments to make on the adequacy of the information flows provided by the subsidiaries to the Parent Company aimed at ensuring the timely fulfilment of the disclosure obligations required by law.

18 Observations on any relevant aspects that emerged during the meetings held with the auditors pursuant to art. 150, paragraph 3, of Legislative Decree no. 58/1998

During the periodic exchanges of data and information between the Board of Statutory Auditors and the company in charge of the statutory audit, also pursuant to art. 150, paragraph 3, of Legislative Decree no. 58/1998, no aspects have emerged that need to be highlighted in this report.

19 Indication of the Company's adherence to the Corporate Governance Code of the Corporate Governance Committee of listed companies

The Company has adhered to the Corporate Governance Code for listed companies promoted by Borsa Italiana.

As far as it is within its specific competence, the Board of Statutory Auditors has supervised the methods of concrete implementation of the corporate governance rules that the Company has declared to comply with; in particular, with reference to the Corporate Governance Code, the Board of Statutory Auditors has supervised (i) the methods of implementation of the corporate governance rules, as reported in the Report on Corporate Governance and Ownership Structure, without making any remarks; (ii) the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

The recommendations made in the letter of 17 December 2024 from the Chairman of the Corporate Governance Committee were brought to the attention of the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors (to whom this letter is addressed) and were examined by the Board of Directors at its meeting on 4 February 2025. On that occasion, the Board of Directors had the opportunity to verify that the Company is substantially in full compliance with the recommendations of the Corporate Governance Code for 2025. The Board of Statutory Auditors examined the letter dated 17 December 2024 from the Chairman of the Corporate Governance Committee as well as the assessments made by the Company regarding the recommendations contained therein without any particular comments in this regard.

20 Final assessments of the supervisory activity carried out as well as any omissions, reprehensible facts or irregularities detected during the same

The supervisory activity of the Board of Statutory Auditors was carried out during the 2024 financial year on a normal basis and no omissions, reprehensible facts or irregularities to report emerged.

21 Indication of any proposals to be represented at the Shareholders' Meeting pursuant to art. 153, paragraph 2, of Legislative Decree 58/1998

As a summary of the supervisory activities carried out during the year, the Board of Statutory Auditors has no proposals to make pursuant to art. 153, paragraph 2, of Legislative Decree no. 58/1998, with regard to the separate financial statements as at 31 December 2024 of SIT S.p.A., their approval and the matters falling within its competence.

Conclusions

The financial statements for the year ended 31 December 2024 of SIT S.p.A. and the consolidated financial statements of the SIT Group as at the same date have been prepared in accordance with IFRS international accounting standards issued by the International Accounting Standard Board (IASB), in compliance with the provisions of Legislative Decree No. 38 of 28 February 2005, implementing Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The Board of Statutory Auditors acknowledged that in preparing the financial statements, the Directors assessed the uncertainty profiles related to the achievement of the objectives set out in the 2025-2029 Medium-Term Plan and, also following the reformulation of the agreements with the lenders in April 2024, considered that the Company will be able to meet its obligations in the foreseeable future, therefore deeming appropriate the use of the going concern assumption in the preparation of the financial statements as at 31 December 2024. The Board of Statutory Auditors does not find any reasons preventing the continuation of the going concern requirement.

The Board of Statutory Auditors has examined the criteria adopted in the preparation of the aforementioned financial statements, with particular reference to the content and structure, the scope of consolidation and the uniformity of application of accounting standards, the existence of adequate information on the company's performance and the valuations made to verify the impairment of assets.

Since we are not entrusted with the analytical control of the substance of the content of the financial statements, we have supervised the general approach given to the financial statements and the consolidated financial statements, their general compliance with the law as regards their formation and structure and in this regard we have no particular observations to report.

The independent auditors did not comment on the information provided.

To the best of our knowledge, the Directors, in preparing the financial statements, have not derogated from the provisions of the law pursuant to art. 2423, paragraph 4, of the Civil Code.

We have verified that the financial statements and the management report correspond to the facts and information of which we are aware following the performance of our duties and we have no comments in this regard.

The statutory financial statements of SIT S.p.A. and the consolidated financial statements of the SIT group are accompanied by the prescribed report of the independent auditors, to which reference is made.

For all of the above, the Board of Statutory Auditors does not find any reasons preventing the approval of the financial statements as at 31 December 2024 and the proposals for resolutions to cover the loss formulated by the Board of Directors.

Modena, April 30 , 2025

THE BOARD OF STATUTORY AUDITORS

Matteo Tiezzi

Loredana Anna Conidi

Saverio Bozzolan

